

# Essex Voluntary and Community Sector (VCS) Commissioning Strategy 2013-2016

## Our Vision

**To establish a transparent and consistent strategic framework that supports the development of resilient communities and enables the VCS to thrive. Delivered by building strong and effective working relationships between the public sector and the VCS in Essex; helping to achieve common goals and develop sustainability.**

In Partnership:

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*List and logos of all partners signed up*

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Note: “Essex” in this document, unless otherwise specified means the area of Essex County Council, Southend-on-Sea Borough Council and Thurrock Council.

## Version Control

Number	Date	Author	Comment
Version 0.5	March 2013	Greg Myddelton	Draft following internal stakeholder consultation
Version 0.6	16.07.13	Greg Myddelton	Further amendments
Version 0.7	18.07.13	Suzanna-Yong Lee	Edit of chapter structures and Stakeholder workshop conference notes added
Version 0.8	19.07.13	Greg Myddelton	Edited to First Draft
Version 0.9	30.08.13	Greg Myddelton	Amended for consultation
Version 0.10	30.10.13	Greg Myddelton	Final amendment for consultation

## 1. Purpose

This strategy aims to develop a framework to create and support the enabling conditions for stronger, more resilient communities in Essex. It will seek to enable sustainable community-led activity and support a different relationship between public, private, voluntary and community sectors; a relationship that focuses on the citizen and family rather than organisations, promotes early-intervention to prevent longer-term issues, and seeks to ensure value for money for public services by improving co-ordination between agencies.

In addition, the strategy is needed:

- to establish a consistent, multi-agency approach to VCS commissioning and support;
- to clarify how the future VCS commissioning landscape will operate with better co-ordination between commissioners;
- to devolve control and power to communities so that they can make use of all public assets to achieve the vision
- to support the development of community capacity, whilst recognising the need for continued support for evidenced core VCS services;
- to understand the implications of organisational change upon the VCS ie more joined-up approach to commissioning, both internally and externally;
- to supporting innovation within the VCS;
- to ensure that commissioning the VCS is transparent, fair and COMPACT compliant;
- to ensure alignment between external finance levered-in by the VCS and the desired outcomes of public sector VCS funding;
- to influence organisational strategies and action plans that impact on procurement, commissioning and engagement between the sectors;
- as a high-level plan, intended to inform relations between public sector and VCS, not a prescriptive check-list for interaction;
- to achieve strategic relationships. It is not intended to be an operational plan for local implementation.

This Strategy has been developed and informed by national best practice and guidance including the CLG Best Value Statutory Guidance, the Public Services (Social Value) Act, and the Public Services Equality Duty guidance.

## 2. Audience

The strategy is intended for use by those within the public sector and those in the voluntary and community sector, for instance:

- Commissioners and funders of public sector services;
- Voluntary and community sector organisations;
- Partners agencies across Essex that engage between public and voluntary sectors;
- Organisations providing capacity building, development and support to the voluntary and community sector;
- Local business organisations and groups;

- Elected Councillors and politicians.

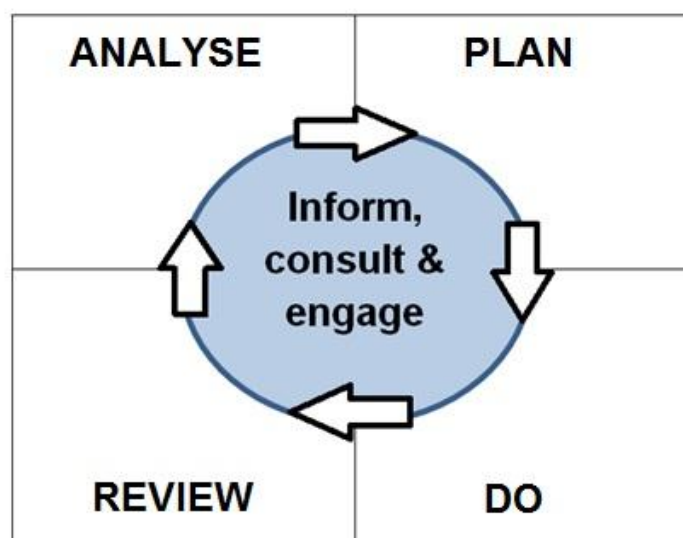
In addition, it is acknowledged that the VCS tend to operate at a local level, and have access to information, experience, relationships and networks that larger organisations (working with a larger number of clients across larger geographic areas) cannot obtain. Working with the VCS can provide a link to service users and their families, and communities that are often the most vulnerable and hard to reach.

### 3. Priorities

The objectives of this strategy are to:

- Bring coherence and clarity to the commissioning of the VCS.
- Ensure that the Essex VCS is able to comment on and influence public sector strategies, in order to develop more reliable and robust policies and strategies that better reflect community needs.
- Continue to improve the relationship between the public sector and the VCS across Essex in managing and using resources to achieve a strong and prosperous VCS that contributes to the delivery of good public services across the County.
- Create mechanisms to build capacity and capability into the sector which create a sustainable VCS that is equipped to meet future challenges.
- Ensure a fair and equitable commissioning framework that reflects competing priorities.
- Ensure transparency and accessibility of data covering information about our relationship with the VCS.

The National Audit Office outlines the key principles for effective commissioning (see Appendix A for details). It is important to ensure that our relationship with the VCS is focused on the delivery of outcomes which are priorities for our local communities and have been informed by robust intelligence, careful planning, smart commissioning with associated evaluation and outcomes specified. The following chart captures the key components:



#### 4. The Essex VCS

There are an estimated 10,000 voluntary and community groups working across the county of Essex. The sector is extremely diverse in size, scope and function with the term encompassing national, regional and local charities, faith groups, community organisations focusing on a particular area, social enterprises, co-operatives, mutuals and infrastructure / umbrella organisations. They can be geographic, special interest, single purpose or a combination. This rich variety gives the sector a perspective that is different from statutory organisations and enables it to take on a variety of roles and functions. Functions vary accordingly and include grant making, umbrella or resource provision, direct service provision, and campaign and advocacy organisations. These functions are not mutually exclusive. The sector includes groups that are managed and run entirely by volunteers, or large organisations that employ paid staff and a continuum of a mixed range of these two.

The VCS in Essex contributes to many of the same outcomes as public sector partners and VCS organisations represent, or provide services for, many of the same people. This strategy acknowledges the work that VCS organisations in Essex are involved in, and recognises that in many cases this work is undertaken without interaction or interference with the statutory sector. Whilst this document focuses on the new relationship that is developing as a result of a broad move towards commissioning by many in the public sector it also looks to provide the conditions that allow the whole of the voluntary and community sector in Essex to thrive.

#### 5. Approach & Context

This commissioning strategy is informed by a number of key developments; including an independent review of Essex VCS engagement in 2011, local COMPACTs, the report from the “Who Will Care?” independent commission led by Sir Thomas Hughes Hallett, reviews such as Winterbourne, Keogh and Francis that resulted from service failures and significant stakeholder consultation. It is also written in the context of a challenging financial climate when organisations within the statutory and public sectors are being asked to do more with fewer resources. This, compounded by the complexity inherent in our large and two-tier county, means there are risks that threaten the vibrancy of our VCS and the value that it brings to our local communities. We know that these challenges and opportunities can be tackled far more effectively in partnership.

Appendix B contains further information about the context within which this strategy has been formed, and the implications of current and future developments within the public and voluntary sectors.

## 6. Commissioning

### a) The importance of commissioning

Organisations across the public sector are increasingly shifting the way that they operate to become 'commissioning-led organisations' – but what does this mean and what impact does it have upon how they work with the voluntary and community sector? There are many models of commissioning however at the core of them all is a process that goes beyond simply procuring goods and services. For the purposes of this strategy, commissioning is defined as:

*“the process of identifying needs within the population and developing policy direction/service models, and the market, to meet those needs in the most appropriate and cost-effective way”.*

Breaking this down further commissioning can be understood as an on-going process divided into four broad activities.

- (i) quantify service-user/patient/family groups needs and for general population in an area;
- (ii) align, convene and plan resources to meet needs;
- (iii) secure or promote an appropriate solution, and then;
- (iv) evaluate the impact and learning from the process.

### b) Impact upon the VCS

Commissioning is outcome focussed, with the needs of service users and their carers and families at its core and not the needs of service providers. It sets out a framework for deciding how best to deploy resources strategically in order to achieve objectives, making best use of the strengths of the statutory, voluntary and private sectors. However it is recognised that service providers have a full part to play in developing innovation and co-commissioning, particularly where they are closer to the end user and may have a dual role in advocacy and service provision.

We recognise that engaging the VCS, in particular the local sector, in the commissioning process, harnesses direct advantages such as effective, customer-focussed services, but also provides opportunities to achieve wider local social and economic objectives such as higher levels of volunteering, increasing local employment and improved local skills, and a greater sense of community ownership of local issues.

There is also an acknowledgement that some VCS organisations, especially very small ones, continue to experience significant barriers to engagement in the process. In order to remove these barriers the public sector has a responsibility to support capacity building within the VCS and ensure that the infrastructure that supports small organisations is fit for purpose?

### c) Current practices

Traditionally, Essex public sector organisations have played an important role in grant-giving to the local VCS for a whole range of purposes. The shift to becoming commissioning-led organisations means that the amount of grant funding available, and the purpose of these grants, has and will continue to change. Grants will remain

a key part of the public sector's funding mix, becoming one of the tools available to commissioners.

However, they will be increasingly used for targeted purposes which:

- Test new ideas over a specific time period to develop innovative solutions to meet the needs of customers.
- Invest and build capacity in the sector so that it is 'business ready'. This will enable the sector to meaningfully engage in all or parts of the commissioning cycle. This could include the development and support of commercial skills.
- Builds social capital including community engagement and increasing volunteers.

Grants will not be used to fund the outsourcing of public services to the VCS. Where services are externalised it must follow a full and appropriate commissioning process including procurement where necessary. Alongside grant-giving and the wider commissioning process, we will continue to support and seek new opportunities to work with the VCS in creative ways.

## 7. Evolving Relationship with VCS

VCS organisations vary in size and scope, and it is recognised that the challenges facing large multi-million pound charities are very different from those facing small community groups relying entirely on voluntary effort. Organisations also have very different and often mixed missions, with some working alongside public agencies to deliver public services, some operating in the market to generate surpluses to invest in social causes, and some providing advocacy or campaigning to challenge vested interests or seats of power.

Sector boundaries have always been blurred; but there is a concern these have become more complex as a result of recent developments in policy and practice. Support from government and contract funding to deliver public services take organisations towards the state; and commercial trading and social investment take them towards the market. These developments have led to concerns about mission drift – some VCS organisations losing their charitable or community origins and becoming more like semi-independent state agents. There are also concerns about pressures put on organisations to place business planning and financial sustainability above social values - losing their core identity and distinctiveness in the process. In his report "[\*Independence under threat: The voluntary sector in 2013\*](#)", Sir Roger Singleton states:

*"The voluntary sector is increasingly being treated in funding, contracting and regulatory arrangements as interchangeable with the private or public sectors, potentially a mere arm of the state, a delivery agent or subcontractor without an independent voice,"*

None of these concerns are new, and they have always been a feature of the VCS landscape. But the effects are real and pose real challenges to voluntary organisations and the sector more generally. Others may find that they are 'left behind' if they are unable to access large public contracts or take on substantial social investment. This may lead to organisational change; but it will not threaten the sector more generally.

The 2012 IPPR report; "[\*Taken for granted? The needs of small voluntary and community organisations in a big society era\*](#)" stated that a key role for government is



to ensure that there is funding available to support organisations through the on-going transition towards outcome based commissioning. This does not necessarily mean government (local or national) should be the provider of such funding and finance, but it does have a key role to play in developing markets, sending signals about what needs to happen and creating the context for a thriving sector. For small organisations with limited capacity, navigating the range of funding and finance options available and identifying which are the most promising for a given organisation and project can be difficult and time consuming. This is as much a challenge as the absence of funding. The organisations that support small VCS organisations – such as councils for voluntary service – have a key role to play.

This strategy acknowledges the work of the ‘Who Will Care?’ Independent Commission into future health and social care challenges led by Sir Thomas Hughes Hallett. Specifically, the report calls for “a revolution for the voluntary sector where it reviews, revises and regroups leading to an exciting new offering, supporting us to take ownership of our own care”. One of the 5 high-impact solutions to prevent a future crisis in health and social care proposed by the report is to develop a new approach to supporting communities and people. The report states that “voluntarism can and should play a greater role” and “local understanding of grass-roots needs can deliver best care, best support, best value and greater independence for each of us”.

In addition, the ‘Who Will Care?’ report calls upon commissioners to agree longer-term contracts; one year for pilot projects, but three to five years for services that are proven and essential, subject to annual appraisal of performance. The report also encourages commissioners to favour consortia of providers to encourage integration of services and better value.

This strategy acknowledges and welcomes the emerging ‘Essex VCS Alliance’ partnership as a new body with which the statutory sector can work for the mutual benefit of both sectors and the people of Essex. This proposed organisation brings together a broad cross section of voluntary and community organisations that would facilitate communication, increase partnership working and provide representation from the combined services and geographical areas within the Alliance. The Alliance is not intended to replace local structures that already exist but would seek to work with them, acknowledging the diversity that exists in communities throughout Essex, Southend-on-Sea and Thurrock.

## 8. Legal Duties

In recent years, the coalition government’s emphasis on social enterprises places social value at the heart of how communities’ needs should be met. Alongside the need to align various existing statutes, new regulations and guidance such as the Public Services (Social Value) Act 2012 and Best Value Statutory Guidance set the legal framework to achieve this change. All relevant legal duties and guidance can be found in Appendix C.



## 9. Delivering the Strategy

This strategy seeks to provide a framework for the future relationship between the public sector and VCS and is intended to be a high-level, strategic document. There are a number of actions within the document, but the bulk of actions will be identified and adopted by individual organisations' action plans or multi-organisational joint commissioning plans that sit underneath this strategy.

It is anticipated that actions will focus on;

- Improving communication between sectors
- The length and size of contracts. Research has highlighted that this is one of the VCS's main concerns as the 'clumping' together of services for commissioning to achieve efficiencies sometimes has the impact of pushing small and medium sized VCSs out of the market.
- The role and structure of infrastructure organisations
- Community Connectors (which links to the wider WECB Strengthening Communities work-stream)
- The increasing importance of capacity-building within VCS, including the role of infrastructure organisations in relation to funding and optimising awareness of new funding streams
- Work to understand and develop alternative delivery vehicles

The public sector in Essex will enable the objectives of this strategy to be met by:

1. Communicating and committing to deliver our strategic intent. This would see public sector agencies:

- Comply with the Essex Compact;
- Be honest and open about the challenges that lie ahead and where possible find solutions collaboratively with the VCS; and
- Be open and transparent with information and proactively share where possible such as upcoming procurement and funding opportunities.

2. Having constructive relationships with organisations whether they receive public funds or not:

- Valuing and respecting the Voluntary Sector for what it has to offer;
- Engaging in dialogue and partnerships where it is mutually beneficial to do so and being clear about the nature of any partnership;
- Being honest about the financial context within which we are operating;
- Recognising that the local public sector has a role to play in encouraging a market where local organisations (or consortia of local organisations) have the opportunity and incentive to deliver services;
- Encouraging VCS organisations to work together where it would be beneficial to do so; and
- Strengthening links with elected Members.

## 10. Evaluating the Strategy / Measures of Success

As per the deliverables of this strategy, success should be measured against individual action plans but some generic success measures may include;

- The VCS feel more included in the commissioning process and able to be involved on an equal footing
- An increase in involvement and engagement of the VCS in public sector commissioning
- Capacity building within the sector, increasing the sustainability of the VCS

## 11. Further Reading

- [Essex Compact including the Funding and Procurement Code of Practice](#)
- [Southend-on-Sea Compact](#)
- [Thurrock Joint Compact](#)
- [Essex County Council – Supplying the Council](#)

There is also a range of national guidance and material on this subject which may be of help including:

- [Association of Chief Executives of Voluntary Organisations – Procurement and Commissioning Guidance and Support](#)
- [Communities and Local Government, Making it easier for civil society to work with the state.](#)



building-social-value  
in the NHS.pdf

## 12. Glossary of Key Terms

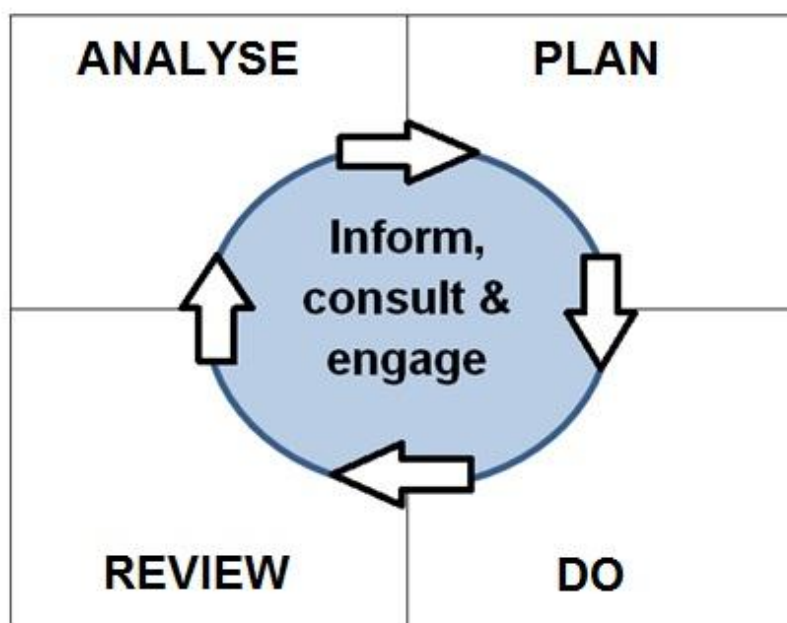
Commissioning	Commissioning is the process of identifying needs within the population and developing policy direction/service models and the market to meet those needs in the most appropriate and cost-effective way.
Contracts	A contract is a formal, legally enforceable agreement with another party by which each party commits to deliver something in return for something else - usually a service in return for payment.
Grants	A grant is an award of money given by an organisation (usually a public sector organisation or a grant-giving trust) to another organisation (usually a voluntary or community sector organisation) to support its work. The grant may partially or wholly support the work of the recipient organisation, or may be tied to a particular purpose such as running a project or delivering a service.
Joint Commissioning	This is when two or more organisations work together and pool their resources to co-ordinate and implement a common strategy for commissioning services. An example of this could be the health and social care commissioning a place to meet a child's holistic needs.
Outcomes	The benefits or other effects that are realised as a result of services and activities provided by an organisation. Outcomes can be defined in advance of a project and measured to demonstrate the success of the activity.
Procurement	<p>Procurement is a specific part of the commissioning cycle. It focuses on the process of buying services or goods from initial advertising through to appropriate contract or grant arrangements. The rules and process will be dependent upon the value and nature of the contract.</p> <p>Further details about each organisations approach to procurement can be found on the Organisations' Website</p>
Payment by Results	A mechanism to incentivising providers to ensure that the services they offer support positive outcomes.
Social Value	<p>Under the Public Services (Social Value) Act 2012, all public bodies in England and Wales are required to consider how the services they commission and procure might improve the economic, social and environmental well-being of the area.</p> <p>This means that whilst value for money will be secured this will be considered alongside other benefits. Social value asks the question: 'If £1 is spent on the delivery of services, can that same £1 be used, to also produce a wider benefit to the community?'</p>

## Appendix A: Principles of Good Commissioning

The National Audit Office outlines eight key principles for effective commissioning<sup>1</sup>:

- i. Understanding the needs of users and other communities by ensuring that, alongside other consultees, you engage with the third sector organisations, as advocates, to access their specialist knowledge;
- ii. Consulting potential provider organisations, including those from the third sector and local experts, well in advance of commissioning new services, working with them to set priority outcomes for that service;
- iii. Putting outcomes for users at the heart of the strategic planning process;
- iv. Mapping the fullest practical range of providers with a view to understanding the contribution that could make to delivering those outcomes;
- v. Considering investing in the capacity of the provider base, particularly those working with hard-to-reach groups;
- vi. Ensuring contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including considering sub-contracting and consortia building, where appropriate;
- vii. Seeking feedback from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.

The following diagram illustrates the commissioning cycle. Further details about our commitments as part of this process and those that we would expect to see from the voluntary and community sector are set out later in this document.



<sup>1</sup> Source: National Audit Office;

<http://www.nao.org.uk/successful-commissioning/successful-commissioning-home/general-principles/principles-of-good-commissioning/>

## Expectations and commitments of the commissioning process:

### **Analyse**

Engagement with service users and their support structures such as family and carers is more likely to result in appropriate and effective services, ensuring that they meet the requirements of communities that are supposed to benefit.

The VCS holds a wealth of local knowledge and can play a key role in engaging with service users and representing their views. Voluntary and community sector organisations across Essex can provide a valuable link to service users and communities that are often the most vulnerable and hard to reach.

Not all voluntary and community sector organisations in Essex receive public funding or would wish to directly deliver services on behalf of public services. However, we recognise that they have an important role to play in shaping and reviewing policies by representing the views of users and communities.

To maximise the benefits of a commissioning-based approach, in working with Essex VCS organisations, the public sector will:

- Ensure that commissioning at all levels is informed by an assessment of local knowledge and the local community,
- Be transparent and provide clear mechanisms for the VCS to contribute their knowledge,
- Build in meaningful and specific consultation with providers at early stages, within a framework that does not create conflicts of interest,
- Where appropriate involve local VCS organisations in undertaking research or advocacy to access socially excluded groups, encourage stakeholder involvement and communicate the findings, and
- Consider the resource implications for the voluntary and community sector of gathering and sharing this knowledge and expect that this will be built into the cost of tenders for contracts.

In return, there would be an expectation that Essex voluntary and community sector organisations will:

- Encourage and capture user feedback in ways that are readily accessible with commissioners,
- Gather and share evidence where a need is not being met,
- Seek-out opportunities to engage with the public sector in order to provide local information and get involved in service design,
- Be prepared to adapt and change their provision to meet local needs where these are identified,
- Gather and share information where there is duplication of service delivery across multiple organisations, with a view to reducing such duplication.

## Plan

During this stage, work takes place to identify current providers and design how the need will be met.

This stage allows commissioners to secure the most appropriate provider to deliver those outcomes identified during the assessing need stage.

Involvement with the voluntary and community sector at this stage can help facilitate a culture of trust and partnership with the public sector and enables the sharing of knowledge and experience in planning services.

A broad pool of suppliers which includes a thriving VCS will mean greater opportunity to find the right provider and achieve the right service at the right price.

In some instances commissioners will need to consider whether the market is ready to support the service outcomes identified and work may be necessary to develop the market offer.

To maximise the benefits of a commissioning-based approach, in working with Essex voluntary and community sector organisations, the public sector will:

- Find out the number, size, and capabilities of current and potential service providers. Commissioners should consider whether this could be supplemented by information held by local infrastructure organisations.
- Work with the local VCS infrastructure bodies to address gaps in the VCS ability to take part in the commissioning of services. Consider the use of other creative ways in which to build VCS capacity and capability, including training, skills exchanges and other initiatives that may require grant-funding.
- Look at the geographical level at which we are shaping services and always consider the need to look local versus countywide,
- Communicate future commissioning plans to enable suppliers, including the VCS, to forecast and plan capacity effectively,
- Listen to, and usefully interpret, what the VCS are saying to get the right services for users and achieve best value.
- Consider using an advisory panel to inform this process. This may involve specialists from the VCS. However care must be taken not to give any potential contractors a competitive advantage.
- Consider using a third sector organisation with specialist knowledge to act as a consultant in designing services,
- Will consider is this is a suitable area for grant funding.

In return, there would be an expectation that Essex voluntary and community sector organisations will:

- Share good practice and respond to need, be flexible and in touch with different communities to lobby for user interests,
- Explore mechanisms in which the VCS can work together (including through infrastructure organisations) to facilitate contact with potential providers,

- Offer creative and innovative opportunities for the public sector to re-design, improve and achieve better outcomes in relation to the design and delivery of services.

## Do

Having identified the need for service development and understood the capacity of the market, commissioners will need to design the service.

Choosing the most appropriate provider to deliver the required outcomes is vital. It will mean that individuals and local communities receive the most appropriate services with the greatest impact. During this stage they will take account of factors including:

- ❖ Funding availability and sustainability
- ❖ Good practice and policy guidance
- ❖ Learning from pilot/pathfinder experience
- ❖ Service user experience and aspirations
- ❖ Clarity of desired outcomes.

Increasingly services will be driven by the personalisation agenda, leaving individual service users/customers to specify the nature of the service they require. Particular services such as early intervention/prevention services may not be subject to personalisation.

To maximise the benefits of a commissioning-based approach, in working with Essex voluntary and community sector organisations, the public sector will:

- Ensure that all information relating to the process, including application forms are clear and accessible,
- Ensure that the solution will be to a good quality, within budget and will achieve the best outcomes.
- Consider the wider social, economic and environmental implications of design alongside costs, in line with the Social Value Act.

In return, there would be an expectation that Essex voluntary and community sector organisations will:

- Be proactive in signing-up to the relevant information and support networks to find out more about potential funding opportunities,
- Read the specification or funding criteria carefully, know the deadlines, evaluation criteria and information required,
- Ensure that any proposals put forward including costings are clear and realistic,
- Consider working with other voluntary or community sector bodies to form consortia and collectively submit applications, if that would make you a better fit to deliver the requirements,
- Consider the legal responsibilities and liabilities of managing a contract,
- If unsuccessful, request feedback on tender or grant applications submitted



## Review

Having designed and secured the service to meet the initial need identified it is crucial to have a programme of evaluation - considering what is being done against what was planned. This will include the quality of the services being provided and the outcomes that this service is resulting in. Being aware of the initial needs identified and whether or not these have changed is also key.

Actively encouraging the involvement of service users and providers can provide valuable insight

To maximise the benefits of a commissioning-based approach, in working with Essex voluntary and community sector organisations, the public sector will:

- Build and finance effective evaluation mechanisms into the design stage of the commissioning process, based upon the original required outcomes,
- Involve the VCS where appropriate in determining the best ways to evaluate the services being commissioned,
- Set out clear and proportionate performance management and reporting arrangements, which are not onerous but provide robust accountability,
- Provide opportunities for the VCS to feel able to review and challenge the commissioning process set out by Essex public sector organisations,
- Ensure procurement is accessible to the VCS and consider how practices will impact upon smaller organisations,
- Carry out post tender evaluations that include analysis of VCS involvement in the commissioning process and use this as necessary to improve the process in the future.

In return, there would be an expectation that Essex voluntary and community sector organisations will:

- Have appropriate monitoring and information gathering mechanisms in place that can meet the requirements of the contract,
- Provide representation on appropriate forums where there are opportunities to review and challenge commissioning processes.

Share experiences and knowledge of the process with other VCS to build capacity and capability into the sector.

## Appendix B: Approach & Context further information

This commissioning strategy builds on an independent 2011 review of VCS engagement and development of the various Compacts in Essex. The on-going legacy is incorporated in the Strengthening Communities strand of the Whole Essex Community Budget (WECB) pilot. It is important that this strategy acknowledges the new and emerging commissioning structures such as integrated commissioning between health, social care and other partners.

a) **COMPACT**: All the Compacts in Essex set out clear principles and rules for a fair and fruitful relationship between the voluntary and statutory sector across Essex. A central principle of these Compacts is that in the development and delivery of public policy and delivery of services, statutory organisations and the voluntary and community sector have distinct but complementary roles. Three qualities unite the voluntary and community sector and are used to define the VCS for the purposes of this strategy:

- (i) Independence from government; this is an important part of the history and culture of the sector;
- (ii) 'Value driven'; this means the sector is motivated by the desire to achieve social goals rather than the desire to distribute profit, and
- (iii) Not for profit; any surpluses generated in the pursuit of goals are reinvested.

This strategy promotes the principles articulated in the Compacts of promoting equality of opportunity and aims to ensure a fair and transparent association with VCS organisations based upon inclusiveness and equality. A principle from the strategy is for the adoption of Compact principles to become everyday good practice for the statutory sector.

As this strategy has developed a common question has been "what is the difference between this strategy and the Compact?" A brief explanation of the difference is set-out in Appendix D.

b) **Whole Essex Community Budget (WECB)**: At the commencement of the Strengthening Communities WECB work-stream, workshops were held with VCS partners to establish what the key issues were. The development of a refreshed VCS strategy was a direct output of those sessions. As the strategy began to develop a stakeholder workshop was organised to allow partners within the statutory and voluntary sectors to provide their input into the strategy document and the refresh process.

c) **Community and Social Enterprise**: Over the past few years there has been substantial growth in social business with community interests, and this strategy seeks to ensure that such approaches are promoted alongside the more established VCS organisations.

Increasingly, the role of public sector organisations is changing from that of service provider, supporting residents and service users directly, to a commissioner of services, provided by a variety of delivery organisations such as private companies, charities, social enterprises, local authority trading companies, co-operatives and community groups. The public sector in Essex is taking steps to become more flexible and responsive to the needs of residents and communities and to introduce

new ways of putting people in touch with solutions and local providers. One way this is being progressed is through the WECB programme, which is based upon public sector organisations working in partnership to improve their effectiveness and efficiency in order to be able to accommodate increasing demands as budgets are reduced.

The activities and outcomes of the VCS contribute to, and complement, many of those of the public sector; by acting as providers of information, by being providers of services directly, by acting as advocates for individuals and groups, and by raising funds for these purposes. It is recognised that there is the potential for significant mutual benefit from closer working between sectors, for instance closer working with the VCS would mean the public sector would benefit from enhanced social capital, a thriving marketplace of potential suppliers, and a more efficient process of delivering improved services. For the VCS it could mean influence over the design of services and providing information that ultimately improves services to their clients. Guidance such as the Essex Safeguarding Children's Board's *Effective Support Windscreen* emphasises the importance of co-ordination of activity between partners for the benefit of children and their families. This approach is supported by the findings of the "Who Will Care?" report published by the independent commission led by Sir Thomas Hughes Hallett, which encourages commissioners to spend money on people, not organisations, observing that commissioners are not achieving best value if they do not jointly-commission services.

The public sector and VCS are operating in an increasingly challenging economic climate where organisations are undergoing significant change in terms of their structure and available financial resource. This, compounded by the complexity inherent in our large and two-tier county, means there are risks that threaten the vibrancy of our VCS and the value that it brings to our local communities. We know that these challenges and opportunities can be tackled far more effectively in partnership.

There are a number of implications of the current economic climate and the move to a more commissioning-led approach from the public sector, most notably;

- VCS organisations (infrastructure support groups, advocacy groups, and service providers) are increasingly facing financial pressures that could lead to closure or the rationalisation of their services, just as public sector services are also having to restructure their own service provision and develop new ways of working;
- This coincides with growing societal needs in terms of socio-economic and health-related problems associated with disadvantaged communities and aging populations;
- A move towards outcomes-based commissioning, and recognition of the benefits of prevention and early intervention activity rather than reactive solutions that are often more costly and less effective.
- There is a need for individuals and communities to become more self-reliant, providing support for one another rather than relying solely on state funding.
- Joint commissioning arrangements are being explored as the traditional boundaries within, and between, organisations are challenged, with public services playing an enabling role; helping people to do more for themselves and others.

Although the current high level of public debt and shrinking public sector budgets are creating unprecedented issues, it must also be recognised that even before the global economic crisis and comprehensive spending review, there was greater scrutiny and demand for accountability of the public sector to ensure value for money was prioritised.

In order to improve the efficacy of public sector spend, a number of challenges have been identified that could be addressed by this strategy;

- Improvements could be made in the public sector's communication with the VCS, particularly via infrastructure organisations who have the potential to assist the public sector in identifying opportunities and challenges as they emerge.
- A more consistent, proportionate and joined-up approach to commissioning processes from the public sector to reduce bureaucracy, which would be especially beneficial for small and medium-sized enterprises.
- Clarification around the role of grants in the commissioning process; it is recognised that grants can provide a useful tool for commissioners who wish to support organisations whose work contributes to shared outcomes, or to commission new or innovative approaches. This is outlined effectively in the LGiU briefing Open Public Services which observes that grants could be used to support core funding of organisations whose objectives align with those being commissioned<sup>2</sup>
- The public sector needs to ensure that procurement procedures take account of social value, in line with the 2012 Public Services (Social Value) Act, and recognise that this may offer more opportunities for VCS organisations to engage in public sector outcomes-based commissioning activity compared to simple best-value procurement exercises. For example, the NHS report *"Building social value in the NHS"*, suggests a wider aim of public sector commissioning to maximise social value as well as financial savings and efficiency. The NHS regards social value as currency that exists within communities and engaging with them.

This strategy is also written in the context of recent reports that have emerged as a result of failings within the health and care sector; findings from the Keogh review, Winterbourne review and Francis report have been considered in the formulation of this strategy and will continue to influence policies and practices within the public sector in the future. The impact upon the relationship between the public sector and the VCS is an acknowledgement of the importance of the advocacy role that VCS organisations often play in representing the voice of the citizen and ensuring that the views of patients and their families are not ignored. These reports also support the involvement of VCS organisations in the commissioning process to review and, where appropriate, re-design and improve services.

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<sup>2</sup> Open Public Services – Experiences from the Voluntary Sector, Mark Upton, November 2012 ([http://content.govdelivery.com/attachments/UKLGIU/2012/11/13/file\\_attachments/174934/Open%2BPublic%2BServices%2B-%2Bexperiences%2Bfrom%2Bthe%2Bvoluntary%2Bsector.pdf](http://content.govdelivery.com/attachments/UKLGIU/2012/11/13/file_attachments/174934/Open%2BPublic%2BServices%2B-%2Bexperiences%2Bfrom%2Bthe%2Bvoluntary%2Bsector.pdf))

## Appendix C: Legal Duties and Guidance:

- a) **Public Services (Social Value) Act 2012:** On 31 January 2013, the new Public Services (Social Value) Act 2012 (SVA) came into force, its purpose being to enable the improvement of the economic, social and environmental wellbeing of the local area. The SVA is applicable to all services over the Official Journal of the European Community (OJEU) threshold, and removes the Local Government Act's exclusions to enable social value criteria to be considered for awarding Service Contracts & Frameworks governed by the Procurement Regulations. Previously the Local Government Act excluded non-commercial considerations when awarding contracts. The SVA states that use of economic, social and environmental criteria must be 'relevant and proportionate'. It also requires public sector bodies, before commencing a procurement, to consider:
- (i) how what is proposed to be procured might improve the economic, social and environmental well-being of the local area, and
  - (ii) how, in conducting the process of procurement, the public sector body might act with a view to securing that improvement.

Consider must also be given as to whether any consultation with relevant stakeholders is required to deal with (a) and (b). Although public sector bodies must consider social value prior to commencing a procurement exercise, they may also decide to consider it at different stages of the procurement exercise.

- b) **Early Market Engagement Activities:** Early market engagement activities are used to engage with the supply market pre-procurement to test and stimulate the market and to give the supply base an opportunity to inform requirements. These activities allow Authorities greater flexibility in discussing key areas of forthcoming requirements, as the activities take place outside of a competitive tendering exercise, which is governed by the scope of the OJEU Notice and rules on supplier engagement. Examples of early market engagement activities can include:
- (i) **Market Sounding:** a process of assessing the reaction of the market to a proposed requirement and procurement approach, and can assist subsequent procurement processes in being more focused and efficient. The activity focuses on suppliers as a whole, rather than individual suppliers. There is no defined process for market sounding, but it is vital to ensure that the process remains open and that the suppliers involved are treated with fairness and equality.
  - (ii) **Market Creation & Development:** where there is a lack of interest in the supply market (due to scale, geographical or organisational scope) , or if you have a novel requirement this may be the most appropriate process. Early engagement with the potential supply market is essential, giving them an opportunity to shape the requirement.
  - (iii) **Prior Indicative Notice (PIN):** This is a good method of alerting the market to a forthcoming procurement exercise. Suppliers will have the chance to respond to the PIN by expressing an interest in bidding for the contract, and supplier feedback can be sought to inform the specification.

- (iv) **Soft Market Testing:** this can take the form of a workshop and/or questionnaire which can focus on specific areas and includes a representative selection of key suppliers within a particular market.
  - (v) **Supplier Conferences:** this activity is an opportunity to stimulate supplier interest in a requirement and offer possible networking opportunities for SME's, other potential supply chain members, and major suppliers. Attendees should be asked for feedback during the event and/or written feedback after the event. It is important that a Supplier Conference event is a two way process, involving the participating suppliers and not solely an exercise in informing the supplier market of the forthcoming procurement exercise.
- c) **Public Procurement Legislation:** Public Procurement Legislation sets out the procedures & practices to which central and local government, as well as other public bodies, must adhere to when carrying out their procurement practices. It is designed to ensure that contracts are awarded fairly, transparently and without discrimination, and that all potential bidders are treated equally. The rules for tendering must be adhered to when the contract in question is not excluded from the rules and the estimated value is above the relevant threshold. Failure to comply with the legislation could expose the public body to unnecessary risk, a potential legal challenge, reputational damage and the failure to deliver services.
- d) **Best Value Statutory Guidance:** Under the Duty of Best Value, authorities should consider overall value, including economic, environmental and social value, when reviewing service provision. To achieve the right balance – and before deciding how to fulfil their Best Value Duty – authorities are under a Duty to Consult representatives of a wide range of local persons. Authorities must consult representatives of council tax payers, those who use or are likely to use services provided by the authority, and those appearing to the authority to have an interest in any area within which the authority carries out functions. Authorities should include local voluntary and community organisations and small businesses in such consultation. This should apply at all stages of the commissioning cycle, including when considering the decommissioning of services. Authorities should be responsive to the benefits and needs of voluntary and community sector organisations of all sizes (honouring the commitments set out in Local Compacts) and small businesses.
- e) **The Public Sector Equality Duty (PSED):** The Equality Act 2010 replaced the previous anti-discrimination laws with a single Act. It simplified the law, removing inconsistencies and making it easier for people to understand and comply with it. It also strengthened the law in important ways, to help tackle discrimination and inequality. The majority of the Act came into force on 1 October 2010. A key measure of the Act is the public sector Equality Duty, which came into force on 5 April 2011. The new Equality Duty supports good decision-making by encouraging public bodies to understand how different people will be affected by their activities so that policies and services are appropriate and accessible to all and meet different people's needs. By understanding the effect of their activities on different people, and how inclusive public services can support and open up people's opportunities, public bodies are better placed to deliver policies and



services that are efficient and effective. It also applies to marriage and civil partnership, but only in respect of the requirement to have due regard to the need to eliminate discrimination. The new Equality Duty is designed to reduce bureaucracy while ensuring public bodies play their part in making society fairer by tackling discrimination and providing equality of opportunity for all.



## Appendix D: How this strategy relates to the Compact

### Compact

The Compacts in Essex represent voluntary agreements which aim to underpin and support joint working between the statutory sector and the VCS in working together fairly and productively to improve the well-being of people living and working in Essex. Compacts set out principles and standards for transparent and fair relationships between agencies and provide a framework for effective working relations.

### VCS commissioning strategy

This strategy sets out a joint vision for how the public sector and VCS will collectively move forward towards a new relationship. It is a shared vision to accommodate joint outcomes such as sustainable communities, services shaped around residents and value for money for the public sector.

The strategy has been developed in partnership and through consultation with local stakeholders and has been guided by the principles of the Compacts in Essex. This process is illustrated in the graphic below:

