

Contracts and Commissioning Sub-Committee

Tuesday 2 April

Evidence Statement:
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1. Introduction

The Chairman of the Sub-Committee provided the following brief and key questions:

'To talk with the Sub-Committee around issues that may arise around third sector organisations being contracted to carry out work for LBB, in particular small charities.

Do we make this difficult, should we offer more support, or even make contracting with us easier for such local groups?

What could we do to encourage small and medium sized local third sector organisations to get more involved with working with and for LBB?'

This report has been produced (at short notice) to provide the Sub-Committee with commentary in response to this brief.

2. Commissioning and Contracting with the VCSE in Bromley

This section provides a general overview of policies, trends and issues affecting the relationship between the Council and the Voluntary, Community and Social Enterprise (VCSE) sector over the past 3 years. The Council has played a significant role in shaping this relationship. Of specific relevance is the commissioning of the 'Primary and Secondary Intervention Services' – now referred to as 'Bromley Well' (<https://www.bromleywell.org.uk/>). This contract was co-commissioned with Bromley CCG and was won by Bromley Third Sector Enterprise (BTSE) CIC.

There are several key learning points from this worth reviewing:

- The Council and CCG used a staged process. After selecting BTSE as the 'Preferred Provider', there was a period of 'Competitive Dialogue'. Effectively a co-design or co-production process, this helped build a shared understanding of realistic aspirations and aims for what was a complex and innovative approach
- The Council's contract requirements have changed. Previously, contracts with the sector included a payments model of one month in advance. This changed to payments one month in arrears. Contracts with payments in arrears are likely to be more difficult for small charities with a small turnover and where cash flow issues may affect their viability
- The Council also introduced the use of a 'Performance Bond' in contracts with the sector. For a charity to provide a guarantee (of 10% of the contract value) from a third party (bank or insurance company) requires considerable legal and financial costs and holds significant risks. Many charities will not be able to meet the requirements for a PB. This policy is also very seldom used across the charity sector nationally and would not be recommended for use with smaller organisations.

- The BTSE model is based on 5 Core Members and Associate Members. There are currently 23 Associate Members which are mainly medium and small charities which can support the delivery of the BTSE aims and services. This is particularly the case for the Bromley Well contract where there are 2 Associate Members sub-contracted to deliver specialist services. There is a strong push to recruit more Associate Members over the next year. The offer to these organisations includes the potential for sub-contracting services or working in partnership to deliver new initiatives (e.g. through the Innovation Fund).
- The Council's Corporate Contracts Register contains 11 contracts delivered by 8 Bromley charities (all of whom are either Core or Associate Members)

3. Best Practice and Learning from Research

Learning from elsewhere helps understand what others are exploring similar to the issues raised by the Sub-Committee, along with what might help either by way of benchmarking or importing new thinking. There is much to affirm that these issues are very contemporary. 2 examples are:

- a. Collaborate CIC is an independent think-tank working across all sectors to examine complex whole-systems process and explore solutions. Their report – 'A Whole New World: Funding and Commissioning in Complexity' – is available here: <http://wordpress.collaboratei.com/wp-content/uploads/A-Whole-New-World-Funding-Commissioning-in-Complexity.pdf>. In its conclusions, it references 'collaborative commissioning' and how to work better with the VCSE. BTSE now exists as a Single Point of Access to the VCSE and its origins can be tracked back to public sector commissioners in Bromley. It is a model which is considered as innovative and is being widely shared with other boroughs/sectors.
- b. Last week, the National Council for Voluntary Organisations (NCVO) launched a new project called 'Rebalancing the Relationship' which aim to explore how large and small charities can work better together, given the current commissioning context. The aims, purpose and process for this research project are attached at Appendix A.

4. Working with the Sector

Encouraging the local sector to contract with the Council is of benefit to everyone not least because it has social and economic value and supports an 'asset-based' approach. This in turn has clear benefits for beneficiaries of services as well as commissioners (<http://www.betterway.network/benefits-of-assetbased-models>).

However with changes in Council policies and approaches comes an obligation to enable the sector to understand the implications, be supported in the changes required to be 'commissioning-ready' and continue to develop through effective communications leading to stronger and mutually-beneficial relationships. Again the Council and the CCG have been active agents in this field. The recent consultation on 'Ageing Well Bromley' has been well-received. This inclusive process has helped local charities understand the direction of travel on commissioning intentions. The

CCG and Council has a highly-regarded Engagement and Communications strategy and working group.

The Council has a small contract with CLB which supports:

- The Voluntary Sector Strategic Network (VSSN) which provide voice and representation across Council partnerships and specifically the Care and Health Scrutiny PDSs. The VSSN also enables VCSE leaders to develop insight into key priorities such as *Building a Better Bromley* and specific strategies and priorities
- Information, Advice and Guidance services to the sector: of importance is that much of this work over recent years is organisational health-checks and follow-up support to capacity build through advice on strategic planning, governance, fundraising and other key priorities. This work in general is a prerequisite to be 'commissioning-ready'. Evidence over the past year points to insufficient resources to meet local demands

It is also worth stating that this contract has been short-term (either 6 months or one year) and, without much advance clarity, this detrimentally affects the ability of CLB to plan effectively or deliver such services proactively. Other Councils are moving such contracts on to a longer term basis (such as Sutton Council which has just awarded a 7-year contract to Community Action Sutton).

Finally, the process of mapping the scale and extent of the VCSE in Bromley is a task which is becoming more systematic and purposeful. The last time this exercise was completed (in 2016), CLB was co-commissioned by the Council and the CCG as part of the Care Act in order to assist with its Market Position Statement requirements. In 2018, CLB carried out a user/consumer survey which resulted in the following key priorities for respondents:

- Funding and fundraising
- Planning for the future
- Accessible and affordable office accommodation

The 'Asset Mapping' work is due to be carried out again. This provides the opportunity to discuss and refine the research brief with the Council to include relevant questions which the Sub-Committee may think helpful

Through such a 'co-production' process, together we can develop better shared insight and intelligence of broader and wider benefit to commissioners, communities, the sector and citizens. Its potential should also support the future development of Social Prescribing across the borough which will take place over the next year.

REBALANCING THE RELATIONSHIP BETWEEN LARGE AND SMALL VOLUNTARY ORGANISATIONS

'Rebalancing the relationship' is a new project exploring how large and small voluntary organisations, bidding to deliver services, can work better with and alongside one another.

Many providers and experts in public service design have called into question the effectiveness of competitive tendering processes and cost driven outsourcing. The National Audit Office has repeatedly raised concerns about the [lack of evidence and risk management](#) in decision making, the [impact of cost-cutting contracts](#) on patient safety, and the appropriateness of [payment by results](#). Furthermore, public trust in outsourcing has been seriously damaged by high-profile failures of large providers – most recently including Carillion.

The commissioning environment presents challenges for voluntary organisations of all sizes, but evidence suggests that smaller organisations have a particularly tough time. Due to commissioning and bidding practices, as well as the move towards fewer larger contracts, larger voluntary organisations are more likely to receive government funding.

In 2015/16 voluntary organisations with incomes of £10m to £100m received the greatest amounts and proportions of [income from government](#), with [84% of local government funding](#) going to larger voluntary organisations. There are also concerns that particular types of smaller organisations, such as [user led organisations](#), face particular challenges in accessing funding.

Much of this is welcome as NCVO has long pushed for significant changes to commissioning and procurement practices, and an improved relationship between government and the voluntary sector. However, after debate and discussion with our members and other interested parties across the voluntary sector, we think there is a key piece of this jigsaw missing – namely the relationships between different service providers within the voluntary sector.

Taking action

We are embarking on a new piece of work in partnership with ACEVO and Lloyds Bank Foundation to explore how the relationship between large and small voluntary organisations can be rebalanced, in order to deliver better services, strengthen communities and ensure equity of opportunity across the voluntary sector. Although

the project will consider the wider commissioning environment, it will focus on organisations themselves taking action and ownership over what they themselves can do.

There is no quick fix or one solution to meet this challenge. We plan to look at this issue in the round, considering the wide range of factors that influence the way voluntary organisations behave and the wider commissioning and funding environment affecting them. We are particularly interested in exploring ways in which large and small organisations can better collaborate, cooperate and coexist.

This spring/summer we will conduct a call for evidence and research to better understand ways in which large and small voluntary organisations can best play to their respective strengths. In the autumn we will publish an insight report, which will form the basis of engagement with voluntary organisations to develop recommendations as to how organisations can best work with and alongside each other. We plan to launch the final report at the beginning of 2020. A small [steering group](#) will be convened to champion the work, but we will also convene an [advisory group](#) to draw on a broader range of perspectives and expertise.

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