



Overview and Scrutiny

The Report of the Third Sector Commissioning Select Committee

May 2010

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Foreword by the Chair of the Committee

Local Government is changing, and Local Government's relationship with the Voluntary, Community and Social Economy Sector is too.

This was already true when the Overview and Scrutiny Management Committee backed the idea of Third Sector Commissioning as a topic for an in-depth study through a Select Committee, and after a change of Government, became even more so.

At its best, we know that when the Council commissions VCSE organisations to deliver services, that the outcomes for service-users can be excellent, with services much better tailored to the needs of the community, delivered by organisations, in many cases, much closer to those communities. However, as ward members, most Councillors are aware of times when those relationships have not been good, and local Third Sector organisations have been left frustrated and disappointed by the lack of transparency by the Council.

As local members we also are aware that the potential for further moving from grant-giving to commissioning, to deliver better services, and to strengthen the local economy, is there, but needs consistency to deliver.

The Select Committee, both members and officers, have been on a journey. Levels of understanding have massively increased for all of us, and our report recognises this. Our sincere thanks go to the officers who served the committee, to the visitors we hosted from the only two Local Authorities to have received Beacon status for their work in this area, and to the presenters from relevant national organisations.

Our biggest thanks however go to those representatives from the Third Sector infrastructure organisations in the city who sat alongside us on this journey. Not only were they able to help inform us, but their presence also considerably strengthened the final report and

recommendations, and, we think, pointed the way for future Select Committees to work, co-operatively and productively with our partners.

Finally, my personal thanks go to my fellow members of the Select Committee for their commitment to the work and report, and I especially would like to thank former Councillor Barbara Lewis, as Vice Chair, for her support and thoughtful contributions.

Councillor Helen Holland

Executive Summary and Recommendations

Bristol City Council has long recognised that the Third Sector, also known as the Voluntary, Community & Social Enterprise Sector (VCSE), is an integral part of the local economy and the fabric of the City. Increasingly the Council is seeking to support and encourage the Third Sector to be in a position to improve the potential for local communities to participate and be engaged but also to support the Council and its partners to contribute to the priority outcomes identified in its **Sustainable City Strategy** – [The Bristol 20:20 Plan](#).

The City Council currently invests some £38 million per annum in service provision from the Third Sector through a variety of commissioning, competitive grant processes and direct grant-funding. The Council is moving away from this approach to one based on a commissioning framework. This represents a radical cultural change both for the Third Sector and the City Council.

In addition, the impact of the economic downturn and the consequent tighter financial climate for public services means that the effectiveness of our commissioning processes has become more critical. Residents, our statutory partners and external inspectors will need to be convinced that scarce resources are aligned with our priorities and that the services we deliver represent the best value for money irrespective of provider.

In these circumstances there is naturally a great deal of unease in the Third Sector and Members felt that in-depth scrutiny of the situation via a Select Committee would add value to the work that is already taking place to improve our approach to commissioning from the Third Sector. The Committee's aim was to build cross-party support for and influence the development of the new strategy and to engage publicly with the Third Sector.

The recommendations are listed in full below. They reflect the main themes of the Committee's findings but other than that, are not ranked in order of importance, or priority. The action plan which will be produced by the relevant directorates in response to this report will prioritise them, particularly in terms of responsibility, detailed costing, achievability, and contribution to our corporate priorities. It will also assess the equalities impact and any environmental impact of implementing the individual recommendations.

Recommendation 1 – Championing the Third Sector

Corporate responsibility for the Third Sector should be undertaken by a Cabinet Member and that a team of Compact Champions be established at senior level in all directorates. Compact Champions will work together to improve relations with the Third Sector. The existing Compact Steering Group will define their role and responsibilities and support their activities.

Recommendation 2 – Commissioning and Grants

There should be a clear and unequivocal statement in the Enabling Commissioning Framework and the Third Sector Strategy that Council is committed to a “mixed economy” which includes commissioning, competitive grant processes and direct grant-funding.

Recommendation 3 – Valuing the Third Sector

The principles of approaches such as Social Return on Investment (SROI) need to be integrated into all our commissioning processes. Current levels of understanding of SROI (in both sectors) are low and capacity building will be required to support this development. One way of starting the learning process would be to organise a joint awareness raising day.

Recommendation 4 – Co-ordination, Monitoring and Evaluation

The Enabling Commissioning Programme Board should coordinate our commissioning processes, assessing their impact on the sector, developing coordinated information and lead funder arrangements, information sharing and risk management.

A single database of organisations that currently provide services should be maintained as a public reference source. There should be clear and unambiguous responsibility for the maintenance of this database.

Recommendation 5 – Sharing Learning and Development

BCC should maintain a list of officers with the required skills to engage and involve TSOs who would be available to provide them with practical help and guidance. We should engage with TSOs to further develop officers' understanding of the Third Sector and its value. The Council should examine the feasibility of introducing a "work exchange" or shadowing programme that would enable council staff and third sector colleagues to learn about and understand their different roles.

The Council should look at skills accreditation and developing a number of experts who hold recognised commissioning qualifications e.g. postgraduate diploma in Commissioning for Public Care.

Recommendation 6 – Support during the Commissioning Cycle

It should be mandatory that, where Council departments are considering commissioning services, at the start of and throughout the commissioning process that they seek to actively engage the Third Sector and act on the feedback. As well as being involved at the early stages of service design and specification, potential service providers need to be supported at the later stages of the commissioning so that they are able to understand the process, timescales, regulations, financial and legal requirements etc. For larger commissions this could be achieved, for example, by holding an interactive bidders' day or a series of briefing workshops. The

Corporate Commissioning Unit and all commissioning managers should be involved in helping to design and deliver these workshops. There is also a need for support for smaller commissions and that this support should be commensurate with the level of contract.

Recommendation 7 – Capacity Building

The CYPS good practice in this area should be rolled out to other directorates. It should be noted that there are several areas of TSO development that capacity building activities should prioritise: strategic/business planning, risk management, policies and procedures, training needs assessment and planning, accreditation/quality standards, governance and legal issues.

Recommendation 8 – Improving Communications

The council should develop the way it communicates Third Sector commissioning opportunities e.g. through the web, Bristol e-Procurement System (BePS), infrastructure partners, direct mailings, open days.

There is a need to coordinate and publish our ‘commissioning intentions’ well in advance so that Third Sector organisations are able to actively participate in all stages of the commissioning of services.

Recommendation 9 – Accessing the Commissioning Process

A fully accessible alternative to BePS (for example, paper-based application) should be developed and implemented. A programme of training specifically targeted at TSOs should support BePS redesign. The views of BePS users should be included, via a User Group (of VCSE and commissioning managers), in the revision of BePS.

Recommendation 10 – Decommissioning

When a Third Sector provider is not successful in a commissioning process, they should be offered support through decommissioning processes and further capacity building support to help them engage in future commissions. This should be incorporated in the Enabling Commissioning Framework.

Recommendation 11 – The Enabling Commissioning Framework

The detailed guidance which needs to accompany the Enabling Commissioning Framework should be developed in conjunction with representatives from the Third Sector. This will ensure that it is accessible and fit for purpose. There should be guidance within the Framework for commissioners about how to engage the Third Sector in commissioning and good practice techniques. The guidance should incorporate the principles of Intelligent Commissioning and the Bristol Compact and should clearly define the involvement of Third Sector representatives to avoid any potential conflict of interest.

1.0 Introduction

Services provided by the Third Sector – also known as the Voluntary, Community & Social Enterprise Sector (VCSE) – complement those provided by statutory bodies such as the City Council. The Council depends on these services to achieve many of its corporate priorities. The City Council currently invests some £38 million per annum in service provision from the Third Sector through a variety of commissioning, competitive grant processes and direct grant-funding. The Council is moving away from this approach to one based on a commissioning framework. This represents a radical cultural change both for the Third Sector and the City Council.

In addition, the impact of the economic downturn and the consequent tighter financial climate for public services means that the effectiveness of our commissioning processes has become more critical. Residents, our statutory partners and external inspectors will need to be convinced that scarce resources are aligned with our priorities and that the services we deliver represent the best value for money irrespective of provider.

In these circumstances there is naturally a great deal of unease in the Third Sector and Members felt that in-depth scrutiny of the situation via a Select Committee would add value to the work that is already taking place to improve our approach to commissioning from the Third Sector. The Committee's aim was to build cross-party support for and influence the development of the new strategy and to engage publicly with the Third Sector.

The Committee first met informally in December 2009 to gain an initial understanding of the issues, agree its overall objectives, determine the areas in which to focus its investigations and to identify sources of evidence including best practice. These are contained in the terms of reference (Appendix A).

The political landscape has now changed with a new UK government having taken office on the 11th May 2010. They have dropped the use

of the term “Third Sector” and a new Cabinet office for “Civil Society” has been created with responsibilities for charities, social enterprises and voluntary organisations. The new government’s approach in this area is outlined in the Cabinet Office paper “[Building the Big Society](#)”. It includes the statement:

“We will support the creation and expansion of mutuals, co-operatives, charities and social enterprises, and support these groups to have much greater involvement in the running of public services.”

1.1 Objectives of the Committee

1. To recommend ways in which the role of the Third Sector can be maximised in shaping the design of services for commissioning.
 2. To identify the Third Sector's state of readiness to respond to the Council's programme of commissioning services, and to the commissioning programmes of Partnership bodies.
 3. Through working with our Key Partners establish a consistent approach to service commissioning across all Council Departments and other public sector commissioning bodies, to complement (but not duplicate) the work already being done through the "Enabling Commissioning" Initiative, which has a strand devoted to the subject of the Third Sector.
 4. To identify other ways in which the Council and its Partners can contribute to the aim of the LAA target of creating the environment for a thriving Third Sector, building on work already done to date such as the previous Select Committee on "Sustaining Voluntary Sector Organisations".
 5. To establish whether current Council procurement practices are a barrier to the Third Sector and if so, what can be done to make procurement more accessible.
 6. To explore with legal services and procurement how we can better support the Third Sector to collaborate within consortia and partnerships to deliver services and share the risks of service delivery.
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The Committee's work programme (Appendix B) of meetings and evidence sessions reflects these objectives.

2.0 Membership of the Committee

Elected Members

Councillor Helen Holland – Chair

Councillor Barbara Lewis – Vice Chair (December 2009–May 2010)

Councillor Fi Hance

Councillor Patrick Hassell

Councillor Sue O'Donnell

Councillor Chris Windows (May 2010)

Partners

Helen England – Co-Director of Commissioning NHS Bristol

Wendy Stephenson – VOSCUR

Ayannah Griffith – The Black Development Agency

Kate Oliver – The Care Forum

Mark Hubbard – Bristol Compact Liaison Officer

Lead Officers

Graham Sims – Strategic Director, Neighbourhoods

Will Godfrey – Strategic Director, Resources

Gillian Douglas – Equalities and Social Inclusion Manager,
Neighbourhoods

In addition to the experience and expertise within its own ranks, the Committee considered evidence from a wide range of expert witnesses. These included BCC and NHS Commissioning Managers, the Strategic Directors of Neighbourhoods and Resources, Birmingham City Council, London Borough of Croydon, National Association for Voluntary and Community Action and the Cabinet Office of the Third Sector. Another valuable source of evidence was a survey (summary attached at Appendix D) of the Third Sector experience of commissioning carried out on behalf of the Committee by the Bristol ChangeUp Consortium. Members also attended a seminar on commissioning from the Third Sector run by The Improvement and Development Agency (IDeA) and the Chartered Institute of Public Finance and Accountancy (CIPFA).

Findings

3.0 Defining the Third Sector

The term “Third Sector” covers a wide variety of organisations and entities. The Government, which in recent years has been actively promoting the need for a thriving Third Sector, has defined it as consisting of non-governmental organisations which are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. The sector includes voluntary and community organisations, charities, social enterprises, co-operatives and mutuals. They range from small volunteer/single worker organisations and local community groups to large established national and international organisations.

The term was coined to distinguish such organisations from the other two sectors of the economy, that is, the public sector (government) and the private sector (business).

As mentioned in the introduction, the new government has dropped the term “Third Sector” and has created a new Cabinet office for “**Civil Society**” with responsibilities for charities, social enterprises and voluntary organisations.

3.1 The Third Sector in Bristol

Bristol City Council has long recognised that the Third Sector, also known as the Voluntary, Community & Social Enterprise Sector (VCSE), is an integral part of the local economy and the fabric of the City. Increasingly the Council is seeking to support and encourage the Third Sector to be in a position to improve the potential for local communities to participate and be engaged but also to support the Council and its partners to contribute to the priority outcomes identified in its **Sustainable City Strategy** – [The Bristol 20:20 Plan](#).

The overall aim of this strategy is that by the year 2020, Bristol will become one of Europe's top 20 cities and will appear at, or close to, the very top of the league tables measuring sustainability, quality of life and achievement among European cities. The vision in the plan has four "population" outcomes, that is to say four areas that the people of Bristol will see improve over the next 10 years. These are:

- ❑ Stronger, safer communities
- ❑ Reduced health and wealth inequalities
- ❑ Higher aspirations for children, young people and families
- ❑ Sustainable prosperity

The group of agencies, organizations and authorities that form the Bristol Partnership have responsibility for delivering this plan. This includes the Council, the Police, NHS Bristol as well as representatives of the Third Sector, business, education and central government.

The 'Stronger and Safer Communities' section of the 20:20 Plan states :

***Community Development and a Thriving Third Sector:** "In order to strengthen our communities we will put in place processes that make it much easier for people to be informed and involved in influencing decisions in their area. This process will use Neighbourhood Partnerships to enhance civic pride, volunteering and local democracy. We will value and support Bristol's voluntary, community and social enterprise sector (third sector), which enables people to play an active part in their communities, both individually and together. A thriving third sector supports voluntary action for its own sake, promoting social justice, cohesion and opportunity".*

The services provided by the Third Sector are fundamental to achieving these ambitions. Bristol is fortunate in having a large, thriving and active Third Sector which makes a significant contribution to economy and culture of the City. The facts speak for themselves, in Bristol there are:

- ❑ over 1,500 Third Sector Organisations (TSOs)
- ❑ With approximately 9,000 employees

- ❑ Attracting approximately 21,000 volunteers
- ❑ Contributing £275 million to the local economy (2004–5 figures)

The way in which the Council does business with TSOs is largely defined by the following documents which are currently at various stages of implementation:

- [Bristol's Third Sector Strategy 2010–13](#)
- [The Enabling Commissioning Framework](#)
- [The Strategy for Commissioning VCS Infrastructure Support Services](#)

The Select Committee has taken the opportunity to examine and comment on these (see section 10.0) and their views have been incorporated in the final versions of the documents.

The Select Committee has referred to the Bristol Compact 2008 (Appendix C) and related [guidance](#), which provide the best practice framework for the relationship between public and VCSE sectors.

These are complemented by other strategies and detailed guidance and rules around commissioning and procurement of services at corporate and directorate level. These include:

- The Value For Money Strategy
- Bristol Children and Young People's Partnership Commissioning Framework
- Health & Social Care Strategic Commissioning Service Plan
- Neighbourhood Strategy Commissioning Service Delivery Plan 2009–2012
- Bristol Procurement – Selling to the Council
- Procurement Rules and Regulations

3.2 Strengths of the Third Sector

It is now accepted that The Third Sector is better placed to deliver certain services more effectively than the public or private sectors.

There are several reasons for this including:

- ❑ Specialist knowledge, experience and skills
- ❑ Particular ways of involving people in service delivery whether as users or self-help autonomous groups
- ❑ Independence from existing and past structures/models of service
- ❑ Access to the wider community without “institutional baggage”
- ❑ Freedom and flexibility from institutional pressures
- ❑ Ability to adapt swiftly to new and changing situations
- ❑ Innovation

3.3 Championing the Third Sector

Delivering our corporate priorities and achieving the objectives in our Sustainable City Strategy (The 20:20 Plan) depends on the contribution from Bristol's Third Sector. In order to reflect this we need to give their role more prominence. Both Birmingham and Croydon who have achieved Beacon Council status for “increasing voluntary and community sector delivery” have senior officers who head up the Third Sector and Cabinet Members as Third Sector Champions with responsibilities in this area.

In order to develop our policy approach and “one council” approach to building a thriving third sector we should identify a lead team that can deliver this.

Recommendation 1

Corporate responsibility for the Third Sector should be undertaken by a Cabinet Member and that a team of Compact Champions be established at senior level in all directorates. Compact Champions will work together to improve relations with the Third Sector. The existing Compact Steering Group will define their responsibilities and support their activities.

3.4 An Environment for a thriving Third Sector (National Indicator 007)

The government has recognised that the Third Sector has a significant role to play within society, including: delivering public services; campaigning for change, promoting social enterprises and strengthening communities.

As part of this commitment two national performance indicators have been introduced that relate to the Third Sector. These national performance indicators encourage local authorities to build capacity within the sector:

- **National Indicator 006:** 'Participation in Regular Volunteering'; and
- **National Indicator 007:** 'An Environment for a Thriving Third Sector'

The Bristol Partnership has chosen to include **NI007** in the Local Area Agreement (LAA). This requires Bristol Partnership members to acknowledge and understand the issues facing the Third Sector, and to be able to demonstrate their commitment to supporting it. This indicator is scored according to the proportion of TSOs who feel that the local authority is a positive or very positive influence on their charity. It is measured by means of a national survey.

This was last carried out in 2008 when the percentage who felt that this was the case in Bristol was **14.7%** which is below the national average of 16.2%. The most important factors are the degree to which TSOs can influence local decisions (13% satisfied) that affect them and the degree to which organisations have dealings with statutory bodies (32%). It should be noted that only 18% of the 428 respondents in Bristol actually received funding from the council, 3% from local NHS and 1% from police or fire. 65% did not receive funding from any of these sources. 41% said the main areas where they carry out their activities are either international, national or regional – so their main

focus is not Bristol. These limitations to the NI 007 measures explain the relatively low target.

Our target for 2011 is to raise Bristol's score to 19.1%. The key to delivery of this target is partnership working between Bristol Partnership partners from all sectors. The Select Committee recommendations should help to identify ways to improve our performance prior to this next assessment.

As we have seen the NI007 indicator is not particularly representative and we should continue to use locally gathered intelligence such as the Third Sector Commissioning Survey (appendix D) to assess our performance and inform our service development.

4.0 Commissioning

As mentioned above, Bristol like many other authorities is moving to a more commissioning based approach in relation the Third Sector. The evidence suggests that commissioning has the potential to deliver better outcomes and better value for money.

It is, therefore, important to understand what is meant by commissioning, as this term is often used interchangeably with contracting, purchasing or procurement. This useful definition from the Audit Commission, which is used in the Enabling Commissioning Framework, captures the key elements of the commissioning task (in this instance for community care):

"Commissioning is the process of specifying, securing and monitoring services to meet people's needs at a strategic level. This applies to all services, whether they are provided by the local authority, NHS, other public agencies, or by the private and voluntary sectors."

This definition emphasises the cyclical nature of the activities involved, from understanding needs and analysing capacity, to monitoring services; commissioning is an ongoing process, not a one-off event.

Commissioning also includes managing the market to ensure the right mix and pattern of services to meet statutory guidelines and local objectives within the resources available. The Committee has examined each of the stages of the commissioning process and its findings and recommendations are themed to reflect this.

4.1 The Eight Principles of Good Commissioning

Expert witnesses from national organizations, other local authorities and our own commissioning managers have all emphasized the need to embed the Eight Principles of Good Commissioning (devised and promoted by IDEA and the Cabinet Office of the Third Sector) into our commissioning strategy and processes. The Committee endorsed this view and it has influenced their recommendations. The Eight Principles are:

1. 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;
2. 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;
3. Putting outcomes for users at the heart of the strategic planning process;
4. Mapping the fullest practical range of providers with a view to understanding the contribution they could make to delivering those outcomes;
5. Considering investing in the capacity of the provider base, particularly those working with hard-to-reach groups;
6. 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;
7. Ensuring long-term contracts and risk sharing, wherever appropriate, as ways of achieving efficiency and effectiveness; and;
8. Seeking feedback from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.

4.2 Commissioning and Grants

Grants currently form a major part of the financial relationship between the Council and many TSOs. It is envisaged that there will still be a significant role for grants after the move to commissioning-based funding but they will be restricted to areas where it is appropriate e.g supporting and developing new and emerging areas of service, developing the capacity of existing organisations to provide additional services and funding niche and specialist providers. However, the grants process will be expected to operate within the principles of the new commissioning procedures.

Recommendation 2

There should be a clear and unequivocal statement in the Enabling Commissioning Framework and the Third Sector Strategy that Council is committed to a “mixed economy” which includes commissioning, competitive grant processes and direct grant-funding.

5.0 Value For Money and Third Sector Commissioning

Commissioning is rightly concerned with achieving value for money. However, when commissioning from the Third Sector it is not sufficient or desirable to focus merely on the narrow relationship between financial costs and outputs (“unit costs”). Further work is required to define the value of working with Third Sector organisations and to challenge the assumption that TSOs are a ‘cheaper option’. Commissioners need to take account of the wider benefits that result from the delivery of a service. Examples of these benefits include local job creation, volunteering opportunities and environmental impact. These benefits should relate to our corporate priorities and the objectives in our strategic plans such as the Sustainable City Strategy (The 20:20 Plan).

Such benefits are notoriously difficult to quantify but one possible tool for measuring them is the [Social Return on Investment](#) (SROI) tool being developed by the New Economics Foundation and supported by the Office of the Third Sector. In simple terms SROI is an approach to

understanding and managing the impacts of a project, organisation or policy. It is based on stakeholders and puts financial value on the important impacts identified by stakeholders that do not have market values.

Recommendation 3

The principles of approaches such as Social Return on Investment (SROI) need to be integrated into all our commissioning processes. Current levels of understanding of SROI (in both sectors) are low and capacity building will be required to support this development. One way of starting the learning process would be to organise a joint awareness raising day.

5.1 Co-ordination, Monitoring & Evaluation

The sums invested in services delivered by the Third Sector are significant and the services provided in return are essential to our corporate objectives. It is essential that there is effective cross-council overview and coordination to ensure that they meet these objectives, represent value for money and deliver the wider community benefits outlined above in paragraph 5.0.

In order to achieve this standardised monitoring and evaluation protocols should be developed in discussion with the Third Sector and implemented in all commissioning processes. The Bristol Compact and Intelligent Commissioning principles of consultation and engagement should also be incorporated into all commissioning processes. Monitoring and evaluation activities, for example, should involve service providers so that there is shared understanding of outcomes that can be incorporated into the next stage of the commissioning cycle (commissioning new service).

Recommendation 4

The Enabling Commissioning Programme Board should coordinate our commissioning processes, assessing their impact on the sector, developing coordinated information and lead funder arrangements, information sharing and risk management.

A single database of organisations that currently provide services should be maintained as a public reference source. There should be clear and unambiguous responsibility for the maintenance of this database.

6.0 Involving the Third Sector

It was accepted that the Third Sector needs to be involved at all stages of the commissioning cycle if it is to make its maximum contribution to service delivery. The onus is on Commissioners to make contact with TSOs in ways that will enable them to become involved. This is a two way street and Commissioners should also be open to learning from TSOs. We should be prepared to invest time, knowledge and money to achieve this. Good TSOs are built around the personal commitment of individuals who have close ties to communities and service-users. The involvement of such individuals would strengthen the processes. The evidence from expert witnesses including BCC commissioning staff supports this approach.

Recommendation 5

BCC should maintain a list of officers with the required skills to engage and involve TSOs who would be available to provide them with practical help and guidance. We should engage with TSOs to further develop officers' understanding of the Third Sector and its value. The Council should examine the feasibility of introducing a "work exchange" or shadowing programme that would enable council staff and third sector colleagues to learn about and understand their different roles.

The Council should look at skills accreditation and developing a number of experts who hold recognised commissioning qualifications e.g. postgraduate diploma in Commissioning for Public Care.

Recommendation 6

It should be mandatory that, where Council departments are considering commissioning services, at the start of and throughout the commissioning process that they seek to actively engage the Third Sector and act on the feedback. As well as being involved at the early stages of service design and specification, potential service providers need to be supported at the later stages of the commissioning so that they are able to understand the process, timescales, regulations, financial and legal requirements etc. For larger commissions this could be achieved, for example, by holding an interactive bidders' day or a series of briefing workshops. The Corporate Commissioning Unit and all commissioning managers should be involved in helping to design and deliver these workshops. There is also a need for support for smaller commissions and that this support should be commensurate with the level of contract.

7.0 Capacity Building

Capacity building refers to activities that help organisations develop skills and resources so that they can achieve their objectives and

deliver services more effectively. Public and private sector organisations can fund this from their own resources but TSOs, particularly smaller ones, are often less able to do this as they do not have surplus income or access to capital investment.

If there is insufficient capacity in certain areas the Third Sector will not be able to engage with some strands of our commissioning strategy. Capacity building needs to be targeted at those areas. The commissioning team from the Children, Young People and Skills (CYPS) has demonstrated that this leads to positive results. An investment of some £30K on external training had contributed to the highly successful child and adolescent mental health services (CAMHS) procurement process.

The support needs of the Third Sector (in terms of being ready to be commissioned) have been identified (e.g. in the Report on Third Sector Commissioning). Capacity building activities to meet those support needs should be incorporated into the development VCS/infrastructure support services.

Recommendation 7

The CYPS good practice in this area should be rolled out to other directorates. It should be noted that there are several areas of TSO development that capacity building activities should prioritise: strategic/business planning, risk management, policies and procedures, training needs assessment and planning, accreditation/quality standards, governance and legal issues.

8.0 Removing Barriers

The Committee heard that there were a number of barriers that prevented TSOs from accessing, competing in, or being successful in the commissioning process. These are listed below

- ❑ Difficulty in finding out about tendering opportunities
- ❑ Short timescales for applying for tenders

- ❑ Complex and time-consuming application process
- ❑ Limited understanding and lack of experience among some commissioners and TSOs of the commissioning process
- ❑ Some commissioners were unaware of the full role that the Third Sector can play in service delivery
- ❑ Lack of clarity on policies and standards (e.g. financial, quality assurance, legal, equalities) required by TSOs to engage in the commissioning process
- ❑ Concern that smaller providers may lose out to larger providers on cost grounds
- ❑ In some cases large contracts can make it difficult for smaller providers to compete
- ❑ Difficulty experienced in using the Bristol e-Procurement System (BePS)
- ❑ In many contractual situations, the risk is transferred to the provider and this can be a problem for a TSO governed by a board of voluntary trustees. This is in contrast to a grant that allows sharing of the risk.

Some of these barriers are illustrated by the quotes below which are taken from the survey of the Third Sector carried out by the Bristol ChangeUp consortium on behalf of the Committee. A summary of the survey is available at Appendix D.

- *"It is intimidating for smaller groups"*
- *"Smaller, grassroots organisations like ours need a lot more support if we are really to stand a chance of competing with the big boys"*
- *"The process as currently conceived will lead to the demise of many voluntary organisations, very few are staffed to respond to tenders."*
- *"The VCS needs more support! What about issues such as compliance, directors' liability and insurance, ISO9001, environmental management systems accreditations."*

8.1 Communication

The Committee's investigations and recommendations have been very much concerned with removing these barriers. It was felt that many of them were the result of poor communication. Several of the expert witnesses made this point. In particular they stressed that comprehensive, timely communication of commissioning opportunities is crucial to effective engagement with the Third Sector. There is a need for coordination, standardisation, transparency and wide publicity of opportunities at all stages of the commissioning cycle – in line with the Bristol Compact (Consultation and Engagement principles).

Recommendation 8

The council should develop the way it communicates Third Sector commissioning opportunities e.g. through the web, Bristol e-Procurement System (BePS), infrastructure partners, direct mailings, open days.

There is a need to coordinate and publish our 'commissioning intentions' well in advance so that Third Sector organisations are able to actively participate in all stages of the commissioning of services.

8.2 Entry into commissioning processes and Bristol e-Procurement System (BePS)

The entry of Third Sector organisations into commissioning processes (for example, through BePS) is under review. While BePS is currently being redesigned to address some of the accessibility and other problems, there are other concerns. Consideration should be given to which systems are appropriate to each commissioning process. It will be appropriate for some commissions, for example, to use a simple paper-based application process instead of the use of the more-demanding BePS.

Birmingham currently uses an entirely paper-based system. An electronic system will be introduced but they have identified a need to retain the existing system.

Recommendation 9

A fully accessible alternative to BePS (for example, paper-based application) should be developed and implemented. A programme of training specifically targeted at TSOs should support BePS redesign. The views of BePS users should be included, via a User Group (of VCSE and commissioning managers), in the revision of BePS.

9. Decommissioning

It is inevitable that decommissioning will take place. In every case we should have a properly considered exit plan. This might include, signposting to other sources of funding and more specific advice on coping with restructuring or downsizing of an organisation.

Recommendation 10

When a Third Sector provider is not successful in a commissioning process, they should be offered support through decommissioning processes and further capacity building support to help them engage in future commissions. This should be incorporated in the Enabling Commissioning Framework.

10.0 Strategic Issues

As mentioned in the Introduction our relationship with the Third Sector is initially defined in four key strategic documents. Three of these were in the process of being produced during the period over which the Committee was meeting. The Committee, therefore took the opportunity to examine the draft proposals with a view to influencing the final versions and making recommendations regarding their implementation.

The documents in questions are:

- Bristol's Third Sector Strategy 2010–13 (draft)
- The Enabling Commissioning Framework (draft)

- The Bristol Compact
- The Strategy for Commissioning VCS Infrastructure Support Services (draft)

10.1 Bristol's Third Sector Strategy

This is the key document in defining the relationship with the sector. It publicly recognizes the role and value of the Third Sector and demonstrates our support for the Bristol Compact principles (attached at Appendix C). It also identifies the actions the Partnership members will take individually and collectively to create an environment for a thriving Third Sector (NI007). It will also bring clarity and consistency of approach in enabling the third sector to participate in policy and decision-making and commissioning processes.

10.2 The Bristol Compact (2008)

This resulted from a national Government initiative and is an agreement between local public agencies and the Third Sector in the City. The Bristol Partnership has adopted the Compact and endorses its implementation. It defines and strengthens the positive working relationships between the sectors and emphasises the fact that effective partnership working is essential for delivering our Local Agreement priorities. The Committee heard that its principles had been promoted through a series of senior officer workshops. However, this was not felt to be enough and more should be done to raise its profile.

10.3 The Strategy for Commissioning VCS Infrastructure Support Services

This strategy was agreed by the [Cabinet in March 2010](#) and will be implemented in early 2011. An informal session of the Select Committee examined the proposals in some detail and helped shape the final strategy.

BCC currently funds six different VCS infrastructure support service organisations which are effectively second tier (infrastructure) organisations that represent and support a large number of TSOs in Bristol. The support may include: advice on issues such as setting up, legal and governance advice, financial advice and bookkeeping, volunteer recruitment and good practice guidance etc. The strategy identified several drawbacks to the current situation and proposed replacing it with a coordinated set of services. The Committee expressed general support for the aims of the strategy and agreed that the case was well made for moving to commissioning a co-ordinated set of VCS infrastructure support services via a competitive funding (grants) agreement. The Committee also made some more specific points as follows:

- ❑ Smaller organisations should not be disadvantaged by the new arrangements
- ❑ The new services needed to be easy to access. Currently, some existing and potential VCS groups have found it difficult to find out what support/services are available.
- ❑ Services should be properly publicised
- ❑ The Third Sector Strategy is a Partnership initiative and the new VCS infrastructure organisation, as an integral part of the strategy, should reflect this. It was particularly important that all our partners were on board
- ❑ A set of outcome-based measures needed to be included in the specification of the new service so that effective monitoring could take place.

10.4 The Enabling Commissioning Framework

This is scheduled to be implemented in Autumn 2010. It will apply to the commissioning of services from the public, private and third sector. The Authority had acknowledged that its current approach to securing services is inconsistent, particularly in relation to the Third Sector. The Enabling Commissioning Programme (part of the overall Transformation Programme) was set up to develop a more consistent model, improve service outcomes and ensure better value for money.

The framework is aimed at creating a standardised approach to commissioning and to incorporate advice, guidance, tools, templates and examples of good practice. The commissioning cycle is broken down into 4 stages: **Analyse, Plan, Do and Review**. This 4 stage commissioning cycle (see Appendix E) is based on national best practice from the Institute of Public Care (IPC) and is widely used by public bodies. It is important to note that the model assumes that all of the four elements are sequential and of equal importance i.e. commissioners and contractors should devote equal time, energy and attention to each of the elements. The approach is comparable to the NHS [“World Class Commissioning”](#) initiative.

The Committee endorsed the overall framework approach and looked in depth at each the of 4 stages in the new commissioning model to determine how it would address the Third Sector’s concerns with current systems.

The implementation of the Framework can place greater demands upon service providers in terms of fulfilling more explicit governance requirements. The introduction of the new model will need to recognise these challenges to ensure relationships with the Third Sector remain constructive.

Another important challenge will be to engage and provide support to TSOs during the transition from the previous model.

There was a clear understanding of the different scales of organisations. Relevant training and engaging at an early stage was key. Efforts were being made to simplify the authority’s stringent procurement regulations and create a more flexible environment to stimulate and generate as much economic activity as possible. It was crucial that TSOs assisted in shaping the framework during its development to establish principles that could be applied to the Third Sector in Bristol.

Assurances were given that the Council would be flexible in what it required from the groups it funds and would adopt a "horses for courses" approach.

A discussion with Legal Department at a strategic level was essential so that the process was not "stifled by extreme interpretation".

Recommendation 11

The detailed guidance which needs to accompany the Enabling Commissioning Framework should be developed in conjunction with representatives from the Third Sector. This will ensure that it is accessible and fit for purpose. There should be guidance within the Framework for commissioners about how to engage the Third Sector in commissioning and good practice techniques. The guidance should incorporate the principles of Intelligent Commissioning and the Bristol Compact and should clearly define the involvement of Third Sector representatives to avoid any potential conflict of interest.

APPENDIX

- A Terms of Reference**
- B Work Programme**
- C Bristol Compact 2008**
- D Results of the Third Sector Commissioning Survey**
- E Enabling Commissioning Framework – Diagram of 4 Stages**
- F Intelligent Commissioning**
- G Bibliography**