



Partnership in Public Services

An action plan for third sector involvement



Foreword by the Prime Minister



I believe that high-quality public services, provided on the basis of need, are at the foundation of a fair society.

For this government, what matters is what works. The best public services are those which are focused closely on the user – that is why the role of third sector organisations is vital. We know that, throughout the country, there are programmes being delivered by charities, social enterprises and voluntary groups that work brilliantly. It is groups like these at the front line of delivery who know about what works and what doesn't. Their creativity, their innovation, their energy, and their capacity to build trust are helping us to meet the tough challenges ahead and to drive improvements, to extend choice and to give a voice to the public.

The third sector has an important and growing role to play. The old barriers between state,

independent and third sectors are coming down. That is why this action plan is so important. It ensures that the foundations of collaboration with the third sector will be stronger than ever.

The plan builds on the work already done to establish an equal and effective partnership with the third sector. It identifies the challenges in improving third sector organisations' everyday interactions with the state and provides the solutions to meet them.

The need for public services is as great as ever. And the challenge is great too. But, drawing on the energy, creativity and experience of the third sector, and with the commitment and the dedication of public servants across the country, we will meet it.

A handwritten signature in black ink that reads "Tony Blair".

Tony Blair

Foreword by the Chancellor of the Duchy of Lancaster



One of the great joys of my role is that it takes me almost full circle to the beginning of my professional life, when I saw at close quarters what social exclusion can mean and the potential the third sector has to change people's lives for the better.

This action plan, which complements the Cabinet Office's work on social exclusion and social enterprise, forms the next step in the Government's long-running commitment to ensuring that we work in equitable partnership with the third sector. It aims to make government a better partner for the sector, respecting its needs and understanding what it can bring.

From areas as diverse as youth centres to recycling and from dentistry to drug treatment, third sector organisations are delivering services that people value and that change lives. Others are helping to design the way that government delivers, and still others are campaigning for better or different

programmes. This plan has something to say to each, and to those that do all three and prosper in doing so.

However third sector organisations contribute to our country, our task is to make it as easy as possible for their experience, their commitment and their skills to improve people's lives.

I know that it is good commissioning that lies at the heart of getting this process right. Local services are often shaped by the decisions of local politicians, local commissioners and local agencies. We want to make sure they are supported to do well and to harness the potential of new approaches, and so much of this plan is about getting the fundamentals of this right.

This plan has been led by Ed Miliband as Minister for the Third Sector, but guaranteeing real change will take cross-departmental work and I am delighted that the actions it commits us to have been agreed by key Whitehall departments and informed by the views of the sector.

On its own, this plan will not deliver the results we all want to see. It will take culture change, hard work and commitment throughout the country, in government and the third sector, to make a reality of our shared ambition. I am confident that, in continued and fair partnership, we will achieve more than we ever could apart.

A handwritten signature in black ink that reads "Hilary Armstrong". The signature is written in a cursive, flowing style.

Hilary Armstrong

Contents

Executive summary	3
1 Introduction	7
2 Ensuring opportunities can be realised: cross-cutting departmental actions	15
Effective commissioning	16
Improving procurement	24
Supporting innovative approaches and learning from the third sector	29
Building the third sector's role in holding services to account	32
3 Opportunities for contributing to public service transformation	37
4 Supporting the development of the sector's overall capacity	51
Annex: Grid of actions and dates for implementation	55

List of case studies

1	Gateshead Integrated Low Vision Service	10
2	NCH Intensive Family Support Projects	11
3	I CAN Early Talk	21
4	Leisure trusts	31
5	NOMS in Yorkshire and Humberside	39
6	Sandwell Community Caring Trust	45
7	Brent Community Transport	48

Executive summary

Together, government and the third sector can be partners in helping to change society. The positive attributes of the third sector are different from those of government, and the two sectors working together can achieve far more than either can achieve alone. In order for this approach to be successful, however, government needs to continue to improve the way it engages with the sector if we are to tackle the significant social challenges of the next decade. Third sector organisations play a number of roles in public life – from campaigning to building community cohesion and from delivering services to giving voice to their users. They have an enormous amount to contribute to our public services, both in the ways they are designed and delivered and in the ways they are improved and held to account.

The greater involvement of the third sector in delivery must not be about government abdicating its responsibility to fund public services. Instead, it is about ensuring that, in the right circumstances, the sector can deliver services where it is best placed to do so. Many third sector organisations are already

working very successfully with the public sector and there are significant areas of public service delivery where the Government is opening opportunities for the third sector. It is clear that we will not tackle the challenges of the coming years and continue to build the excellent public services to which we all aspire without the close involvement of the third sector.

We know from the feedback to the ongoing consultation that is part of the Comprehensive Spending Review that there are significant barriers to developing the sector's role. The ways in which services are designed, commissioned and procured need to be more accessible to the third sector and more open to public scrutiny. We need a step-change in the quality of interaction with government that third sector organisations can expect, both centrally and locally. This action plan is therefore in part a response to the concerns we have heard and sits alongside the broader development of the Government's approach to the sector set out in the Pre-Budget Report discussion document.

This plan deliberately focuses on improving the day-to-day experience of third sector organisations working with front-line commissioners and procurement officers throughout the country. We recognise that, in order for it to be successful, it will require work at central and local level.

The plan has been jointly developed with five major central government spending departments; it identifies areas where public services are being opened to a range of providers and aims to help the third sector gain access to them. In doing so, it sets out to ensure that all third sector organisations that wish to, whatever their size, can make a contribution to public services.

A number of the actions in this plan are designed to simplify processes and improve access to the design and development of public services. The current complexities in those areas make them particularly difficult for many organisations in the third sector, but at the heart of this action plan is the principle that where services are commissioned and procured by government, there must be a level playing field for all providers, regardless of sector.

The grid at the end of this plan sets out 18 key actions to improve four different elements of government's engagement with the sector:

1. **commissioning** – the cycle of assessing the needs of people in an area, designing and then securing an appropriate service;
2. **procurement** – the specific aspects of the commissioning cycle that focus on the process of buying services, from initial advertising through to appropriate contract arrangements;
3. **learning from the third sector** – ensuring that the innovation of the sector is fostered and learning is shared; and
4. **accountability** – the key role that the sector can play in helping people to hold public services to account for the approach they take to delivery.

1. Commissioning

In order to ensure that the third sector can be certain of high-quality commissioning, the Government will:

- a. invest in the skills of the 2,000 most significant commissioners for the third sector. The government will develop a **National Programme for Third Sector Commissioning**. This will provide targeted support across commissioning agencies

to build the skills and knowledge necessary to involve the third sector;

- b. improve commissioning from the third sector by committing itself to the **eight commissioning principles** set out in this action plan;
- c. create a cross-government forum to align the development of **departmental commissioning frameworks** that reflect these principles; and
- d. drive continuous improvement under Compact principles. The **Commissioner for the Compact** will be a strong independent voice for the third sector on commissioning and procurement practice.

2. Procurement

So that contracting and other procurement processes are fair and proportionate, the Government will:

- a. embed the highest quality procurement practice and reduce barriers to entry for the third sector, by creating a range of **standard contracts** that draw on good practice;
- b. **measure and reduce** the administrative burdens of contracts with the third sector;
- c. through reforms in the Local Government White Paper, *Strong and Prosperous Communities*, and the Comprehensive Spending Review 2007, pass

- d. **streamline the assurance process** for providers that work across government departments and agencies;
- e. improve access to service delivery for smaller third sector organisations. The Office of the Third Sector will review **sub-contracting** arrangements and seek to provide stronger support for both sub-contracting and **consortia-building**. The review will consider a quality standard to ensure that good contracting principles are evident throughout the supply chain; and
- f. promote the use of social clauses in championing the social value the third sector can create and enabling innovative approaches to grow. The Office of the Third Sector will tackle barriers to the use of social clauses, in part by **creating template social clauses** for use in appropriate contracts.

3. Learning from the third sector

Aiming to assist in the spreading of the best third sector innovation, the Government will:

- a. support the development of an **Innovation Exchange** website to connect innovators in the sector with those who can support their work. The Exchange will help third sector innovators to develop, prototype, pilot and scale up innovative services;
- b. build on the work of the Innovation Exchange, in partnership with the National Endowment for Science, Technology and the Arts (NESTA) and other funders to develop innovative approaches to stimulating and supporting innovation in the third sector; and
- c. ensure that public services **learn from the best of the third sector**. The Office of the Third Sector will broker dialogue and exchange with the public sector.

4. Accountability

To support the role of the sector in holding services to account, the Government will:

- a. ensure a healthy third sector can develop its role in **giving local people a greater say** in the delivery of their services;

- b. build on local government reform and the **Community Call for Action**, which enhances the right of citizens to be heard, to identify ways to strengthen channels to help the public hold services to a greater level of accountability;
- c. establish **user-led organisations** in every area by 2010 so that socially excluded groups are better able to hold services to account and improve them; and
- d. learn lessons from **effective citizen involvement** models in local government and disseminate those lessons across departments.

Supporting capacity

In addition, to continue to support the **development of the sector's overall capacity, the Government will:**

- help to build the asset base of community organisations by establishing the **£30 million Community Assets Fund**, offering capital support for refurbishment through partnerships to transfer the ownership and long-term management of assets such as community centres; and

- build third sector capacity across all areas of service delivery, including by asking the **Futurebuilders Advisory Panel** to consider opening the fund to all third sector organisations working to deliver public services. Expanding the fund would particularly help those organisations working on environmental activities including recycling, and those involved in community leisure and sports, many of which are social enterprises.

Departments are increasingly turning towards the third sector to deliver public services, and this action plan draws together a range of **opportunities for third sector delivery**, working in partnership with central and local government to improve services, both through influencing their development and in delivering them directly. These opportunities broadly fall within the five areas where the Government believes that the third sector has the greatest potential to contribute to the improvement of public services:

- correctional services;
- employment services;
- children's services, education and training;
- health and social care services; and
- other local services.

Measuring success

This action plan aims to achieve a set of key outcomes:

- commissioners better skilled in commissioning from the third sector and better supported to do so;
- a consistent government approach to commissioning with the needs of the third sector at its heart;
- significant improvements in procurement practice, with three-year grant funding the norm, fewer burdens and new opportunities for the third sector to access contracts and demonstrate their added value;
- help for the third sector to innovate and support for the best of third sector innovation; and
- a stronger role for the third sector in enabling people to hold public services to account.

These outcomes are the yardstick by which the implementation of this action plan will be judged. To ensure both that they are achieved and that the sector, independent regulators and the public can hold government to account for these commitments, the Office of the Third Sector will work with all these stakeholders on an ongoing basis to review progress against this action plan and to shape implementation.

In January 2007, the Office of the Third Sector will convene a group from across government, the sector and beyond to develop ways of evaluating success against these outcomes and to review progress against them. In addition, it will work with the National Audit Office (NAO) as it takes forward its further work in assessing government's progress against its commitments in these areas. Finally, the work of the Commissioner for the Compact, together with data from the revised State of the Sector panel, will be important indicators of progress.



1

Introduction

Introduction

- 1 The third sector – from the smallest community group to the largest social enterprise or charity – has a long history of driving social progress, from campaigning on issues such as child poverty to helping communities come together to improve their neighbourhoods.
- 2 Today, the third sector’s commitment to enhancing the lives of individuals and communities can increasingly be realised by working together with central and local government to improve public services. This action plan sets out how the Government will seek further to strengthen this partnership, to ensure that our public services continue to improve and meet the changing needs of the communities they serve.

¹ HM Treasury (2005) *Exploring the Role of the Third Sector in Public Service Delivery and Reform*.

What is the third sector?

The Government regards the third sector as a key partner in a mixed economy of public service provision, alongside the public and private sectors. The sector comprises organisations that:

- are non-governmental;
- are ‘value-driven’ – that is, that are primarily motivated by the desire to further social, environmental or cultural objectives rather than to make a profit *per se*; and
- principally reinvest surpluses to further their social, environmental or cultural objectives.¹

Transforming public services: engaging users, empowering communities

- 3 Over the last decade, the Government has increased investment in and reformed the working of public services. As a consequence, many services are now significantly better: educational attainment is higher, more have been helped into employment, health treatment is improving and many local neighbourhoods have been regenerated.
- 4 We are clear, however, that further transformation of public services is needed, particularly if we are to help more of those facing greatest disadvantage to escape from poverty and to continue to raise the quality of services for everyone. This transformation will be strengthened by the legal duties on the public sector to promote equality in the way it designs policies and delivers services, to ensure equality of approach for race, gender and disability.
- 5 Throughout the UK, third sector organisations – from community groups to social enterprises and from charities to community interest companies – are delivering high-quality services that people value. Indeed, we know that third sector organisations often enjoy very high levels of public trust, confidence and affection.
- 6 We also know from the experiences of third sector organisations operating in specific areas that they can often bring tremendous comparative advantages to service delivery. That is why the Government is committed to ensuring that, where a diverse range of providers is being developed, we positively encourage the involvement of third sector organisations in the design and delivery of public services.

- 7 One of the most important transformations we are seeking to achieve through developing public services is a new relationship with users. People increasingly want services that are tailored to their needs, and we want those services that engage users to be closer to them and able genuinely to empower them.² For example, patient self-care through diet and exercise is vital in helping people to lead healthier lives. Successful primary schools closely involve parents and the wider community to educate their children. Those facing greatest exclusion need flexible packages of support, developed between them and a range of public services.³ For example, people with disabilities need choice and control over the support they need to go about their daily lives. Academics often refer to this form of close engagement between service providers and their users as the **co-production** of services.
- 8 Third sector organisations often bring a range of strengths to the tasks of empowering users and promoting community engagement, particularly for those who may be distrustful of the state. They often have the personalised approach and public trust required to build services around the needs of users and to build their capacity.⁴ In particular, therefore, we anticipate a growing role for user-led organisations.⁵
- 9 Good public or private sector organisations also engage users, and user engagement is far from the only attribute of the third sector. Third sector organisations have also shown an ability to innovate, to work across silos and to find new solutions to intractable problems. In fields as diverse as palliative care and community transport, the third sector has often led the way in developing more community-focused services.
- 10 The greater involvement of the third sector in delivery must not be about government abdicating its responsibility to fund public services. Instead, it is about ensuring that, in the right circumstances, the sector can deliver services where it is best placed to do so. The lesson for government is not about sweeping generalisations such as 'public sector bad, third sector good'. It is about using the skills of all sectors – public, private and third – to contribute to shared objectives.

²The Prime Minister's Strategy Unit (2006) *The UK Government's Approach to Public Service Reform*.

³HM Government (2006) *Reaching Out: An Action Plan on Social Exclusion*. www.cabinetoffice.gov.uk/social_exclusion_task_force/documents/reaching_out/reaching_out_full.pdf. The action plan argued that around 2.5 per cent of every generation seem caught in a lifetime of disadvantage and harm. It is particularly this group who depend upon public services tailored to their individual needs.

⁴New Economics Foundation (2005) *Public Spending for Public Benefit*. www.neweconomics.org/gen/uploads/ddgebi55g5qi3w55qyuj3n5521082005175605.pdf

⁵The Prime Minister's Strategy Unit (2005) *Improving the Life Chances of Disabled People*. www.strategy.gov.uk/downloads/work_areas/disability/disability_report/pdf/disability.pdf

Case study 1: Gateshead Integrated Low Vision Service



Sight loss in later life is relatively common, affecting around one in 10 of those aged over 75, and one in three of the over 85s. In June 2004, an innovative low vision service for people living in Gateshead – led by the voluntary sector – secured its first allocation of funding from the Department of Health's National Eyecare Programme. The Gateshead Integrated Low Vision Service saw its first client in January 2005 and, by the end of April 2006, had helped more than 400 people.

'Our service is unique in the North East because it promotes a fully integrated low vision service assessment and service across health, social care and the voluntary sector,' says service manager Susan Coulson. 'Our optometrists and rehabilitation workers act as a team to assess each client's needs

and provide expert advice. They help the client to make the most of their remaining vision and also to maintain their independence.'

The initiative, which is a partnership between local voluntary organisation Sight Service, Royal National Institute of the Blind (RNIB), Gateshead Primary Care Trust (PCT) and Gateshead Council, is based within the Sight Service's premises at Bensham Hospital. There, the clients can access all the help, advice and support provided by the organisation, including benefits checks, computer training and leisure groups, which provides added value for everyone.

One user explained that her mum was very nervous about her appointment, as her eyesight had recently deteriorated again and she didn't know what to expect. 'We certainly didn't expect the personal treatment we were given, in a very relaxed atmosphere,' she said.

This approach to service delivery is based on client involvement, making their needs central.



The roles of the third sector: delivering services, catalysing progress

- 11 From children's services to drug treatment, the third sector is already directly delivering many public services.
- 12 The latest State of the Sector panel report indicated that median funding from the Government increased by 17 per cent between 2003 and 2004.⁶ Another survey indicates that government funding for the voluntary sector alone now exceeds £10 billion.⁷ Over the next 10 years, we consider third sector organisations have the potential to play an even greater role in delivering services. This action plan therefore brings together the different areas from across government in which there is greater opportunity for the sector to become involved in the coming years.

⁶Office of the Third Sector (2006) State of the Sector Panel Newsletter. *News from the Panel 2*.

⁷The UK Voluntary Sector Almanac (2006) *The State of the Sector*. www.ncvo-vol.org.uk/research/index.asp?id=2380&fid=158

Case study 2: NCH Intensive Family Support Projects

Childrens' charity NCH's Intensive Family Support Projects provide practical and emotional help for families who are at risk of eviction or homelessness because of anti-social behaviour. 'It can be a controversial area,' says Jan Stoll, UK Service Development Manager, 'but given the rising political interest in finding long-term solutions to community nuisance, NCH Intensive Family Support Projects are actively tackling the problem and have been found to help break the cycle of problem behaviour.' NCH services to support tenancies at risk include intensive outreach, dispersed tenancy support and, in some areas, residential units.

Work with each family begins with defusing any immediate crisis. NCH then allocates skilled workers to engage family members and children, liaise with other agencies, assess needs, agree goals and challenge anti-social behaviour. 'The aim of the projects is to deliver an intervention package that addresses the individual family's needs and challenges the anti-social behaviour that puts their tenancy at risk,' says Jan. 'The process builds on family strengths to achieve positive change.'

The approach is tailored, intensive and long-term. 'Multi-agency working is an essential component, not an optional extra,' she continues.

The results speak for themselves. Preliminary findings from a two-year study commissioned by the Office of the Deputy Prime Minister – now the Department for Communities and Local Government (DCLG) – found 82 per cent of families had achieved a reduction in complaints. Ninety-five per cent maintained their tenancies or made a planned move, while school attendance improved in 84 per cent of families during the course of the project interventions. 'It's given me back my hope and self-respect – and confidence,' said one of the participants. Another said: 'I'm warm, I've got some stability, and I know where I'm going home tomorrow.'

There are currently eight NCH Intensive Family Support Projects in the UK. A ninth is scheduled for the North of England, and there are plans for three new services in Scotland.



13 The role of the third sector in helping to transform public services in partnership with government reaches beyond directly delivering services. Its contribution also arises from its role as a catalyst. It can be:

- **a partner in innovation.** For example, many of the most successful approaches to preventing young people offending have been pioneered with the sector. National and international surveys of innovation show that partnership with the third sector is a vital factor in success;⁸
- **a partner in designing services.** For example, the Royal National Institute for the Deaf has recently worked closely with the Department of Health (DH) to develop better audiology services. At a local level, third sector organisations have been central partners in the Government's New Deal for Communities programme and other measures to regenerate deprived neighbourhoods;⁹ and

⁸ See Borins, S (2001) 'The Challenge of Innovating in Government', quoted in Albury, D and Mulgan, G (2003) *Innovation in the Public Sector*. www.strategy.gov.uk/downloads/files/pubinov2.pdf and United Nations (2006) www.unpan.org/dpepa_psaward.asp

⁹ Office of the Deputy Prime Minister (ODPM) (2004) final review of the Single Regeneration Budget, quoted in HM Treasury (2004) *Exploring the Role of the Third Sector in Public Service Delivery and Reform: A Discussion Document*.

- **a campaigner for change.** For example, third sector organisations have been instrumental in ensuring greater service access for those with disabilities and the development of services such as better childcare.

14 This plan, therefore, contains measures to ensure that all these important roles can develop further.

Progress in releasing the potential of the sector

15 The contribution of the sector to social progress arises from its independence, and the Government has no wish to direct the decisions of individual organisations about how they deliver their mission. Many third sector organisations do not have a contracting relationship with government and will not look to in the future, and government equally wishes to support these.

16 However, given the potential for many more organisations to help shape more user-focused and empowering services, we are committed to creating an environment that allows those who wish to work in partnership with us to do so.

17 Over the last few years, the Government has made real progress in creating that environment.¹⁰ We have:

- opened up new opportunities for service delivery. For example, the Supporting People programme has developed a formal policy and funding framework to support the sector in delivering housing-related support to vulnerable people. Around two-thirds of the programme is invested through the third sector;
- sought to improve partnership working with the sector, particularly through developing the Compact with the voluntary and community sector and through our Social Enterprise Strategy; and
- invested in helping the sector develop its capacity to deliver services. For example, the Futurebuilders investment programme has already offered grants or loans of over £70 million to organisations wishing to expand their delivery of public services and we have invested over £80 million in the ChangeUp programme to support the sector to develop in a variety of ways, such as through the use of IT and better governance.

18 There are some encouraging signs of growth in both service delivery and other catalytic roles, such as design and innovation. However, it is clear that there is still more to do to create an environment in

which public services can fully benefit from the contributions the sector has to offer, particularly as we seek to develop more user-focused and empowering services.

19 The NAO report, *Working with the Third Sector* (June 2005), identified a number of common problems. In particular, too many contracts:

- are **short-term**, which makes it difficult for third sector organisations to recruit, retain and develop staff, and to access capital;
- place **excessive risk** on providers, causing some organisations to reject opportunities to deliver services;
- set **unrealistic prices**; and
- involve an **excessive burden of monitoring and evaluation**, which diverts resources away from front-line service delivery.

¹⁰ See for example HM Treasury (2002) *The Role of the Voluntary and Community Sector in Service Delivery: A Cross Cutting Review*; HM Treasury (2004) *Exploring the Role of the Third Sector in Public Service Delivery and Reform: A Discussion Document*.

20 The Office of the Third Sector and HM Treasury are currently engaged in a major review of the role of the third sector in social and economic regeneration, as part of the 2007 Comprehensive Spending Review process. So far in the review, we have consulted with over 1,000 organisations from the sector. That consultation has further highlighted the barriers identified above, and has also identified challenges in ensuring that the full potential of organisations within the sector, as campaigners, designers, innovators and supporters of civic action, can be realised.

21 The Government has already started to respond to the issues highlighted in the NAO report, seeking to improve commissioning from the third sector by raising standards of commissioning practice across the board. It accepts that progress must be made against its commitments on full-cost recovery and recognises the need to move from a preponderance of one-year contracts to longer-term funding. The Government has issued new *Guidance to Funders* and has created the role of Commissioner for the Compact. The recent Local Government White Paper, *Strong and Prosperous Communities*,¹¹ set out a strong expectation that local authorities would pass on funding stability to the third sector and pledged

to embed Compact principles in post-Comprehensive Performance Assessment inspection frameworks. We now intend to go further.

This action plan

22 This action plan has been developed by the Office of the Third Sector and five government departments (DH, the Department for Education and Skills (DfES), DCLG, the National Offender Management Service (NOMS) in the Home Office and the Department for Work and Pensions (DWP)) as the next stage of the Government's response to the barriers to third sector involvement. Some but not all of the actions will also help level the playing field for small business access to public procurement, and have synergies with work to improve innovation more generally. Where government services are being commissioned, our aim is not to tip the balance of procurement in favour of the third sector, but to ensure a fair chance for all.

23 Alongside this plan, HM Treasury and the Office of the Third Sector are publishing an interim report from the Third Sector Review. That report complements this plan by setting out emerging thinking about work on government and the sector from April 2008 onwards. The final report of the Third Sector Review will be published in 2007.

24 In the following sections, we:

- outline a series of actions to improve the process of partnership working between the sector and government, particularly to improve the process of commissioning services;
- bring together from across government the opportunities that exist for the sector to work in partnership with central and local agencies to improve services, both in influencing their development and in delivering them directly; and
- outline our ongoing measures to invest in the capacity of the sector to deliver public services and enable the sector to thrive.

¹¹ DCLG (2006) *Strong and Prosperous Communities – The Local Government White Paper*. www.communities.gov.uk/index.asp?id=1137789



2

Ensuring opportunities
can be realised:
cross-cutting
departmental
actions

Effective commissioning

- 25 The Government has already made important progress on the quality of public sector commissioning. Many central government departments have established engagement boards with the third sector or similar bodies to drive forward improvements in commissioning from the third sector, and an advisory group is working with HM Treasury on this and other issues for the Comprehensive Spending Review 2007. In addition, the new Commissioner for the Compact, working closely with Compact Voice,¹² will review progress on meeting the commitments government and the sector have set themselves.
- 26 The recent Local Government White Paper outlined the Government's view that a continual improvement of services will be achieved in part by councils challenging traditional methods of delivery. The best local authorities have already adopted a strategic approach to commissioning services and work closely with local partners to utilise the knowledge, skills and capacity of the best providers. A strengthened best value framework will continue to underpin the use of competition in local authority services and will encourage local authorities regularly to test the competitiveness of their performance in comparison with other service providers.
- 27 With a range of opportunities being opened to providers from the third sector (as set out later in the plan), the ways in which services are commissioned will be increasingly important. However, the feedback we have received from third sector organisations indicates that this is often the most challenging element of engaging with the public sector. That partly reflects the fact that the process may be new to both sides: many public agencies are developing their roles as commissioners, and some third sector organisations are not yet used to working within a commissioning environment.
- 28 This need for improvement has been highlighted by the Review of the Third Sector. Its interim findings suggest a need for training for both third sector organisations and public sector commissioners, a suggestion echoed by the members of the National Council for Voluntary Organisations' Public Service Delivery Network.
- 29 We will therefore build both on previous measures to engage better with the third sector, and on developments in commissioning more generally to ensure that broader plans on commissioning can accommodate the particular characteristics and approaches of third sector organisations.
- 30 DH's Third Sector Commissioning Taskforce, which published its findings in July this year,¹³ emphasised a number of key principles for commissioners. Building on this work and the principles in the DfES/DH Joint Planning and Commissioning Framework for Children, Young People and

¹² Compact Voice is the new name for the Compact Working Group, which represents the views of the sector on Compact matters.

¹³ DH (2006) *No Excuses. Embrace Partnership Now. Step Towards Change!* Report of the Third Sector Commissioning Task Force. http://changeagentteam.org.uk/_library/docs/BetterCommissioning/Publications/Third_sector_taskforce_report_part1.pdf

Maternity Services,¹⁴ the Government sets out in this plan (in the box below) the principles it believes will help to improve commissioning in general and the experiences of the third sector in particular.

The Government believes that all commissioners of services should:

- develop an understanding of the needs of users and communities by ensuring that, alongside other consultees, they engage with third sector organisations as advocates to access their specialist knowledge;
- consult 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;
- put outcomes for users at the heart of the strategic planning process;
- map the fullest practicable range of providers with a view to understanding the contribution they could make to delivering those outcomes;
- consider investing in the capacity of the provider base, particularly those working with hard-to-reach groups;

- ensure contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including considering sub-contracting and consortia-building where appropriate;
- seek to ensure long-term contracts and risk sharing wherever appropriate as ways of achieving efficiency and effectiveness; and
- seek feedback from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.

- 31 In order to ensure these principles are met in the work of the departments signing up to this action plan, the Government commits to a number of cross-departmental actions to:
- A. embed good practice through commissioning frameworks;
 - B. improve skills and systems for commissioning from the third sector;
 - C. ensure that the widest range of organisations, including those from the third sector, can be involved in service delivery; and
 - D. support commissioning that recognises the wider impact of the third sector.

A. Embedding good practice through commissioning frameworks

- 32 A number of government departments are already engaged in creating or updating commissioning frameworks that set out the principles of how commissioning should be developed, offer examples of best practice and, in some cases, set standards for how commissioning must be taken forward.
- 33 DH is developing a commissioning framework for health and well-being. DWP is in the process of developing a commissioning framework and DCLG is working with its stakeholders to create one (through statutory guidance) for local government by April 2008. NOMS aims to publish its own framework shortly and the Learning and Skills Council (LSC) is also aiming to publish a commissioning and procurement process.

¹⁴ HM Government (2006) *Joint Planning and Commissioning Framework for Children, Young People and Maternity Services*. www.everychildmatters.gov.uk/sites/312A353A9CB391262BAF14CC7C1592F8.pdf

- 34 A great deal of work is being done by departments to ensure that they learn from each other's work on commissioning, that their messages are consistent and that, where user needs cross organisational boundaries, there are arrangements for joint commissioning of services.
- 35 Commissioning frameworks should benefit all those who are interested in delivering and helping to shape high-quality services for the public, including third sector organisations. However, the Government recognises that the present process for developing these frameworks raises two challenges.
- 36 First, while developing individual frameworks relevant to the specific context of each department is critical, we must ensure that departmental approaches to commissioning are consistent wherever appropriate. Second, although commissioning frameworks may be consistent in practice, their complexity, together with differences of language and emphasis, can serve to obscure this consistency.

To address these challenges, the departments signing up to this plan will:

- **ensure that their commissioning frameworks, as they are developed, reflect the principles set out above;**
- **ensure that third sector organisations are able appropriately to influence the creation of each framework; and**
- **establish a forum to facilitate the alignment of their individual frameworks, so that the sharing of best practice and standardisation can be maximised. It will allow all those with an interest to contribute their views and will consider the interests of all sectors. The forum will meet regularly in 2007.**

B. Improving skills and systems for commissioning from the third sector

- 37 Over recent years government has increasingly focused on developing the skills of commissioners, including those needed for working with the third sector. For example, the National Procurement Strategy for Local Government set out a route map for improvements including milestones for encouraging a diverse supply market and agreeing local Compacts with the third sector. DfES and DH

developed, in conjunction with the third sector, a Joint Planning and Commissioning Framework for Children, Young People and Maternity Services (2005). The framework emphasises that, as third sector organisations can be well-placed to deliver responsive and effective services, commissioners need to consider the third sector early in their planning.

- 38 However, despite recent efforts, there remains a need to build the skills of commissioners in understanding what the third sector can offer in terms of helping to design, deliver and improve public services. There is also a need to ensure progress towards implementing the Compact principles on funding and procurement. Working with the third sector needs to become part of the core business of public sector commissioners and integral to the support they receive. To address the specific gap in supporting the way commissioners work with the third sector, **government will establish a two-year National Programme for Third Sector Commissioning that will invest in the skills of 2,000 commissioners from across the public sector – including staff in Jobcentre Plus, PCTs, NOMS and local councils – who we consider have the biggest impact on the third sector.** In order to ensure its messages become part of mainstream approaches,

the Programme will operate in conjunction with existing training and support for commissioners. Specifically, it will:

- work with and invest in existing programmes seeking to improve commissioning practice in general to ensure commissioners address third sector issues;
- bring greater coherence, focus and investment to specific programmes on the third sector; and
- ensure there is a comprehensive package of training on what the third sector can offer commissioners.

- 39** A programme director, expected to be in place in early 2007, will secure involvement from relevant partners, including, among others, central government departments, sector representatives, the Regional Centres of Excellence, the Centre for Procurement Performance and the Care Services Improvement Partnership by April 2007.
- 40** The director and his team will develop and establish the programme during the first quarter of the 2007/08 financial year. Working with the Commissioner for the Compact, the National School of Government and the Improvement and Development Agency (IDeA), the programme will:

- offer awareness and skills training for both elected members and officers;
- co-ordinate specialist guidance and support on commissioning services from the third sector;
- increase understanding of the third sector among local commissioning and procurement officers; and
- take steps to improve the sector's bidding capacity, in particular among smaller organisations.

- 41** The work of the National Programme for Third Sector Commissioning will be supported by the Commissioner for the Compact developing a clear benchmark of good practice on commissioning approaches that capture the value of the third sector. This work will sit alongside his work to consider a potential accreditation or 'kitemark' scheme for good Compact practice.

C. Ensuring that the widest range of third sector organisations can be involved in service delivery

- 42** The Government wishes to see the fullest possible range of third sector organisations involved in service delivery and recognises that this will require specific actions. In particular, we know that

smaller third sector organisations – especially those rooted in the local community – have an expert perspective on the needs of local people and how to approach them.

- 43** In many public service areas, contracts are increasingly being awarded through a prime contractor model, whereby a lead organisation offers sub-contracts to other, typically smaller, organisations. In the right circumstances, this can allow these smaller and often specialist suppliers to access markets from which they would otherwise be excluded. However, evidence suggests that both cultural barriers and the transfer of risk and cost from lead providers have led to a mixed experience of sub-contracting on the part of third sector organisations.
- 44** Jobcentre Plus has recently undertaken a major tendering exercise involving significant sub-contracting as part of its delivery of the New Deal programmes. Jobcentre Plus (DWP from 1 April 2007) will undertake continuous analysis of how to improve these new arrangements within available resources. **DWP will also be undertaking a fundamental analysis of the welfare to work market, which will include an assessment of how the third sector might be involved more effectively.**

- 45 That assessment will incorporate an examination of funding mechanisms, for instance whether a universal move to competitive pricing and differential pricing according to volumes would be appropriate. This approach to pricing has already been piloted in a small number of New Deal contracts that will continue until March 2008. These pilots will be fully evaluated by DWP on completion.
- 46 **In addition, the Office of the Third Sector will conduct a separate exercise in collaboration with the Office of Government Commerce (OGC), the Department of Trade and Industry (DTI) and representatives from the sector. This will focus on the impact of the prime contractor model on contractors and sub-contractors with particular reference to third sector organisations.** In particular, it will consider the impact of sub-contracting on: margins and financial viability; service delivery; wider provider business; management and overhead costs; and the long-term sustainability of the market. It will seek to make recommendations on how procurement can be conducted so that there is a reasonable balance of risk and reward between the department, contractors and sub-contractors; and how to ensure that the model used supports a vibrant and diverse supplier base while maintaining competitive neutrality.
- 47 **Another work-stream within the Office of the Third Sector assessment will explore how to improve the quality of sub-contracting and aim to improve incentive structures, both to encourage sub-contracting and to balance risk and cost between contracting partners.** The review will consider developing a quality standard, modelled on the International Organisation for Standardisation 'ISO' mark, to ensure consistent quality through a supply chain. In relation to procurement, it will consider how such supply chain issues can be addressed under the European Union (EU) procurement rules.
- 48 **The Office of the Third Sector will also work with DWP, initially to explore the Government's approach to consortia and their effect on third sector involvement in public services. The Office of the Third Sector will then work with third sector umbrella organisations to develop models for establishing effective consortia. It will report its findings and make recommendations in the first half of 2007.**
- 49 The Government is committed to commissioning and procuring services in a way that enables providers to meet the needs of individual communities and service users. This involves local innovation and extending devolved decision making wherever appropriate. Local providers, particularly smaller third sector organisations, with expertise in meeting local needs should not be disadvantaged unnecessarily by the level at which commissioning takes place (local, regional or national).
- 50 Small local providers can often bring considerable strengths to service delivery but, equally, highly specialised providers can be prevented from meeting people's needs by levels of commissioning and procurement that make it impossible to achieve the necessary economies of scale. Evidence shows that commissioning specialist services at the local level can sometimes limit the ability of specialist third sector providers (along with specialist providers from other parts of the independent sector) to bid for contracts.

Case Study 3: I CAN Early Talk



I CAN, the children's communication charity, works to foster the development of speech and language skills in all children, with a special focus on those who find this hard: children with a communication disability.

Two years ago, it introduced its Early Talk programme, which provided a new, systematic and evidence-based approach to improving communication skills in younger, pre-school children. Early Talk builds on and extends the good practice developed in I CAN's Early Years centres.

'I CAN acts as a catalyst between health and education,' says Chief Executive Virginia Beardshaw. 'It has the specific aim of improving children's communication skills in an inclusive way. Communication is the 21st century life skill. Speaking, listening and communication skills are the foundation for children's learning. They underpin all literacy and social development. So our work is of fundamental benefit for the future.'

Through I CAN Early Talk, children receive support through a programme of integrated therapy and education. 'Without early detection and intervention, some of these children would reach school age without even speaking their first words,' explains Virginia.

In 2002, I CAN set up an accreditation scheme, to guarantee consistent high quality across its Early Years centres.

'We joined with local National Health Service (NHS) and local authority partners to develop a national network of I CAN Early Years centres,' says Virginia.

'These centres not only meet the needs of young children with severe speech and language impairments, they are doing so in productive, inclusive settings, and also significantly reducing therapy waiting lists.'

There are now 18 centres across the UK, providing direct support for approximately 500 children and indirect support for a further 10,250. 'The I CAN nursery has been outstanding,' said the parent of one user. 'My daughter wouldn't have made anywhere near the progress she has without it and she couldn't have been better supported or prepared for school anywhere else.'



**helps children
communicate**

51 The Office of the Third Sector will work with DfES to understand the implications for the third sector of regional and sub-regional approaches to the commissioning of looked-after children's placements that are being piloted from April 2007. The Office of the Third Sector will then use that data to help inform the implementation of the 2007 Comprehensive Spending Review and to assess the potential significance of regional commissioning for the third sector. The Office of the Third Sector will use the results of this work with DfES and DWP to help inform the plans of other departments.

D. Supporting commissioning that recognises the wider impact of the third sector

52 There is a range of ways in which an organisation's broader social impacts can be factored into funding relationships, in order to encourage the growth of effective services. Acknowledging these wider benefits is of particular importance to smaller third sector organisations, which often have a particular impact on social capital or regeneration. These approaches include subsidies for organisations engaged in particular activities, separate commissioning for social outcomes and the inclusion of social clauses within contracts.

53 Social clauses seek to factor externalities into procurement by including particular social requirements within contracts, to achieve value for money. The Office of the Third Sector is committed to seeking to lower the barriers to their use.

54 There is a clear enthusiasm from the social enterprise sector, particularly evident in the recent Comprehensive Spending Review consultation, for using its expertise to transform public service delivery and including the additional benefits that the sector can bring.

55 The EU Directive on public sector procurement, implemented into UK law in January 2006, clarifies the ability to take account of social issues in procurement, and the Local Government Act 2000 provides local authorities with powers to maximise social, environmental and economic well-being through their spending.

56 Across national and local settings, commissioners are best placed to decide how to factor broader social effects into funding arrangements. However, in doing so, they face a number of barriers. The complexity of social clauses and related approaches makes them difficult for commissioners to tackle in isolation. Furthermore, where they do so, there is a risk that undue variation will make it difficult for innovative approaches to delivery to spread.

57 The key barriers to the use of social clauses appear to be:

- the threat of legal challenge – where authorities feel unprotected by current guidance on pursuing social clauses in contracts;
- the difficulty of including social clauses in ways consistent with value for money requirements and the EU rules;
- the difficulty of selecting the most appropriate option to fund an outcome, for example subsidy and grants versus procurement, and including consideration of the higher transaction costs of incorporating social clauses;
- the difficulty of apportioning costs across inter-departmental budgets to those who accrue benefits from the use of social clauses;
- the lack of technical skills and expertise needed to write social clauses into contract conditions; and
- the difficulty of quantifying any additional costs resulting from the inclusion of social clauses, including any detrimental effects on suppliers, particularly small and medium-sized enterprises.

58 The Office of the Third Sector, in collaboration with the North-East Regional Centre of Excellence, will consult partners on how to tackle barriers to the use of social clauses, and will develop a small

number of template social clauses for key social outcomes as tools to assist and focus their use. The Office of the Third Sector will also work with those commissioners pioneering the use of social clauses to learn about their experiences, and will draw together examples of leading practice. It aims to publish its initial findings and the draft templates in summer 2007.

- 59 In addition to working with commissioners to factor in the social benefits that third sector organisations and others can generate, the third sector itself has a role in making its contribution visible. As a starting point, organisations need to be able to demonstrate the benefits of their approach, in order to enter into a meaningful discussion about how they can be recognised and rewarded by funders and communities.
- 60 **The Office of the Third Sector and Capacitybuilders, working with strategic partners initially including the Charities Evaluation Services, Manchester City Council and the London Borough of Camden, will support the capacity of the sector to better identify and promote the impact it has.** This will include working with third sector organisations during 2007 to identify both the core and wider benefits of delivery by third sector organisations and how

better to engage with local commissioners to ensure that these benefits are recognised. Capacitybuilders will make recommendations on what tools can be developed by July 2007.

- 61 The Government's social exclusion action plan¹⁵ highlighted the difficulty service providers – particularly third sector organisations and especially smaller voluntary and community groups – have in challenging public bodies to commission differently once they have identified significant sources of improvements. The Local Government White Paper detailed the Government's intention to support the improvement of local councils in response to poor performance. Where performance is poor, the Government expects that consideration will be given to recommissioning services, including identifying alternative providers. Such recommissioning may be initiated within the local authority, or be promoted by external action such as sectoral pressure or government use of statutory powers.
- 62 **As a further way to help the sector to demonstrate its effectiveness to commissioners, the Office of the Third Sector will work with the Social Exclusion Task Force and the Government Social Research Unit to develop a rating system for the evaluation of programmes. This system will validate evidence on**

the effectiveness of particular programmes, helping providers to promote their work to practitioners and commissioners. This will support third sector organisations in benchmarking their performance against existing service providers, with particular reference to services for socially excluded groups.

¹⁵ HM Government (2006) *Reaching Out: An Action Plan on Social Exclusion*. www.cabinetoffice.gov.uk/social_exclusion_task_force/reaching_out/

Improving procurement

- 63 Greater third sector service delivery and its benefits depend particularly upon a foundation of excellence in procurement practice. The Government recognises that, in order for the sector to play a full role, it is crucial that it can access stable and sustainable funding. All too often, poor funding practices have created barriers or placed unnecessary burdens on third sector organisations, and the move towards contracts has been a difficult transition in some areas. This is a message that has been heard very clearly in the Review of the Third Sector, and one that the Government understands. **We believe that grants remain an important source of funding for the third sector. Alongside contracts, they have a crucial continuing role and should be used where they are appropriate, particularly in relation to small community groups and when building the capacity of third sector organisations.**
- 64 As well as the funding relationship, there are a number of other key barriers faced by third sector providers competing to deliver public services. They often need to overcome a perceived reputational risk about their ability to deliver competitive tender contracts outside traditional grant arrangements. Access to tender opportunities can also be a problem, including difficulties in getting on to preferred supplier lists; the burdensome process of pre-qualification, which sometimes prevents new or smaller third sector organisations from bidding; and issues of scale, where a trend towards bundling contracts to meet efficiency demands can prevent competition from small and medium-sized organisations.
- 65 Analysis by the sector¹⁶ has shown clearly that too often short-term contracts and the failure to share risk effectively are preventing it from delivering as effectively as it might. In 2004, Sir Peter Gershon's report on efficiency¹⁷ recommended that government departments improve their funding relationship with the sector by:
- improving stability by moving to longer-term, multi-year funding arrangements where possible;
 - considering carefully the appropriate assignment of risk between the statutory body and the voluntary and community organisation when contracting for service provision;
 - making further progress towards full acceptance of the principle of full cost recovery, ensuring publicly funded services are not subsidised by charitable donations or volunteers; and
 - streamlining and rationalising monitoring, regulatory and reporting requirements.
- 66 Funding arrangements that are of an inappropriately short duration can have profound impacts on third sector organisations. We also know from analysis by the sector and others that longer-term funding can assist both the sustainability of organisations and their ability to plan the complex programmes that take time to deliver. Contract lengths need to be appropriate (as HM Treasury's guidance makes clear), but while public agencies are making progress, still too often charities and social enterprises face contracts that do not allow this kind of sustainable planning.
- 67 Considerable work has already been undertaken to highlight good procurement practice, including supporting contracting opportunities for the third sector. This includes:
- ODPM (2003) *National Procurement Strategy for Local Government*;
 - Association of Chief Executives of Voluntary Organisations (acevo) (2004) *Surer Funding*;
 - Social Enterprise Coalition (2005) *More for Your Money*;

¹⁶ See for example acevo (2004) *Surer Funding: The acevo Commission of Inquiry Report*.

¹⁷ HM Government (2004) *Releasing Resources to the Front Line: Independent Review of Public Sector Efficiency*. www.hm-treasury.gov.uk/media/B2C/11/efficiency_review120704.pdf

- Small Business Friendly Concordat (2005) *Good Practice Guide*, with local authorities and including social enterprise;
- Care Services Improvement Partnership (2005) *A Guide to Fairer Contracting*;
- Home Office/OGC (2004) *Think Smart ... Think Voluntary Sector*; and
- the creation by OGC of a standard pre-qualification questionnaire and the creation of www.supply2.gov.uk and the training of over 800 procurers.

68 So far, however, guidance has had limited impact on the extent to which third sector organisations can be sure of minimum and consistent standards of good contracting practice. As the NAO report set out, inappropriate contracts continue to limit the sector's capacity to deliver services to a high standard and to provide value for money. In particular, too many contracts:

- are **short-term**, with annual funding cycles. This makes it difficult for third sector organisations to recruit, retain and develop staff, to access capital, and to resource proper monitoring and evaluation;

- place **excessive risk** on providers, including risks they are unable to manage, leading to inefficiencies and causing some organisations to reject opportunities to deliver services;
- set **unrealistic prices**, often based on misleading comparisons with in-house provision, which make it difficult for organisations to achieve full cost recovery; and
- involve an **excessive burden of monitoring and evaluation**, which diverts resources unnecessarily away from front-line service delivery.

69 Some of the measures to improve commissioning will help address these issues, but we will also take forward further action specifically to improve the procurement process. In particular, the length of contracts and full cost recovery are key priorities for the Government. The commitments below therefore focus on clear systems to reduce the barriers associated with procurement and strong incentives to improve. They seek to:

- A. streamline assurance processes;
- B. standardise contracts in key service delivery areas; and
- C. create incentives to improve.

A. Streamlining assurance processes

70 Part of the normal process of identifying suitable suppliers is to require information from them that allows procurers to be confident that the suppliers can successfully comply with a contract. This assurance process varies between government procurers. As a consequence, potential suppliers are often required to complete different assurance processes for the same ultimate purpose at considerable extra cost both to themselves and to the departments involved.

71 Some departments are leading work to minimise the bureaucracy of contracting with their agencies while ensuring that they are able to assess performance in a proportionate way. For example, **DWP is developing a star rating accreditation system that will facilitate a better understanding of the performance of the provider base by measuring progress in performance**. This will encourage providers to make year-on-year improvements and allow DWP to make informed decisions when awarding, extending and terminating contracts. DWP expects to have an operational prototype system in 2007.

72 But we can go further – there is a strong mutual interest in departments working with each other and their suppliers to standardise and streamline at least some of these processes and to minimise costs. This would be of particular benefit to the third sector, which is much more vulnerable to the financial and time costs involved in the process.

73 We will therefore establish a small group across government and beyond, co-ordinated by the Office of the Third Sector, to streamline the assurance process for providers working across government departments. It will be led by NOMS on behalf of government. We will announce further details on the membership and programme of this group in early 2007.

B. Standardising contracts in key service delivery areas

74 Complex contracting processes are identified as one of the biggest barriers to third sector public service delivery, as acknowledged by the NAO report. Standardising contracting processes would reduce bureaucracy, particularly helping the smaller third sector organisations that can least afford to meet burdensome requirements.

75 It would be inappropriate to try to establish a single, standard contract for all third sector service delivery – the range of contractual requirements for different services is too diverse. However, it is clear that existing work by different departments now needs to be brought together in contracts that reflect the best practice to which the Government is committed.

76 OGC's broader work on streamlining processes in key areas of government procurement has shown that standard procurement frameworks and template contracts can yield considerable benefits, including:

- higher and more consistent standards;
- less duplicated effort within commissioning bodies;
- opportunities to code and rapidly embed best practice; and
- fewer burdens on bidders, who have to master only one process and one set of forms.

77 DH's Third Sector Commissioning Task Force developed a 'Proposed model contract for provision of social care services', with supporting guidance notes, that expands on these principles. DH will be working with national and local partners to inform the development of its portfolio of national

template contracts, which are to be made available across health and social care services.

78 Each of the departments involved in delivering this action plan will look to ensure that they build on good practice, in areas such as health, by developing and reviewing template contracts that can be used by any providers in given service areas over the course of 2007.

79 In partnership with existing and potential providers, the template contracts will be developed in specific areas within children's services, education and training, employment services and prison and probation services. They will promote stability through multi-year funding; focus on outcomes, rather than detailed processes; minimise bureaucracy; allocate risks to those best placed to manage them; define and respect fair prices, enabling full cost recovery; and use standardised terms wherever possible.

80 A number of departments and agencies, including NOMS, have already begun work to develop and review template contracts. In addition, DWP will implement recommendations from its Contracts Task Force, including simplifying the contracting process, rationalising the performance management

framework, and streamlining the contract management process, by September 2008.

- 81 DH will be developing national model contracts for procuring health and social care services in areas such as mental health, community services for people with long-term conditions and children's services.

C. Incentives to improve

- 82 With procurement activity usually at arm's length from government and distributed across a large number of different organisations, it is vital that there are strong incentives to improve right across national and local public services.
- 83 **The Commissioner for the Compact will develop measurements of progress against the Government's commitment on full cost recovery as part of an overall Compact assessment tool.**
- 84 The Better Regulation Task Force recommended that government departments ensure that **housing corporations, the LSC, Jobcentre Plus and PCTs undertake a systematic measurement of the administrative burdens associated with third sector contracts by April 2007. It recommended that they develop measures to reduce the administrative burdens on third sector service providers by**

November 2007. Government accepts these recommendations, and relevant departments will publish plans to meet these recommendations and the Office of the Third Sector will work with inspectorates in seeking to ensure that these are delivered.

- 85 To ensure continuous improvement, we need rapid feedback systems that provide a clear picture of progress in both procurement and commissioning. **The Government's State of the Sector panel will therefore be simplified to provide rapid feedback on the experience of procurement and commissioning from different public sector organisations.**
- 86 In competitive procurement contexts, contract length will vary according to the specific circumstances, and there may well be third sector organisations which can benefit from contracts of substantially longer than three years. Indeed, government welcomes the fact that in some circumstances, third sector organisations are already securing contracts of seven to ten years in length.¹⁸ However, we know that, despite HM Treasury's clear guidance, there are contexts in which contracts that should be three years or more are being offered to third sector organisations at a much reduced length or where grants are of an inappropriately short

term. **As part of the 2007 Comprehensive Spending Review, HM Treasury will ask departments to identify ways to pass on the flexibility and certainty offered by multi-year funding to third sector organisations, so that funding of at least three years becomes the norm rather than the exception.**

- 87 As announced in the Local Government White Paper, subject to taking new powers, DCLG will set out in statutory guidance that the starting point for grants will be three-year funding in all cases, subject to purpose and normal democratic controls, except where this does not represent best value in individual cases and in terms of overall affordability. This will be considered in the assessment of a council's use of resources. DCLG will explore with the Audit Commission how to reflect in the same assessment the other key Compact principles on funding, as far as is practical and without expanding costs and burdens.

¹⁸ HM Treasury (2006) *Improving Financial Relationships with the Third Sector: Guidance to Funders and Purchasers* (www.hm-treasury.gov.uk/media/485/B9/guidncefunders1505061v1.pdf) includes case studies of third sector organisations that have secured public sector contracts of five and ten years.

- 88** In addition, it is important that Compact principles inform the work of public service inspectorates. The Commissioner for the Compact will work with inspectorates to examine how relevant Compact principles can be included in inspection and performance management regimes.
- 89** It is very difficult to audit levels of full cost recovery directly, because funding activity is widely distributed and the issue is complex. However, recognising government's existing commitment in this area, it is important to ensure that central government departments make a priority of full cost recovery and actively support its implementation.
- 90** To this end, the Office of the Third Sector will work with HM Treasury to draw together a cross-government group to review and encourage progress on full cost recovery. This group will monitor and report on progress in delivering full cost recovery, benchmarking performance against the four Gershon principles.

Supporting innovative approaches and learning from the third sector

- 91 In addition to ensuring that there are secure foundations for the third sector's role in service delivery, the Government wants to ensure that the lessons from the best of third sector practice are learnt right across the third and public sectors. To do so, we will seek to encourage and support third sector innovation and to public services to learn from it.
- 92 Innovation is vitally important to society and to public services. Today more than ever, the challenges we face – environmental damage, poor health, anti-social behaviour – demand genuinely innovative solutions. Our public services are already responding to this need. Where once the focus was on raising the floor on effective practice and spreading best practice, there are also now growing attempts to develop next practice.¹⁹
- 93 However, there is a range of challenges to be faced in creating more innovative public services. While the third and public sectors are as innovative as the private sector, they often struggle to scale up their best innovations and make them sustainable. These problems are difficult for government to resolve directly by developing and promoting innovation at the centre. Government's task is to create an environment in which innovators are able to succeed for themselves and are challenged to do so, and in which they are able to work with the public sector to improve services.
- A. Helping third sector innovations to grow and spread**
- 94 While it is difficult to assess the innovative capacity of an entire sector, evidence suggests that the four key areas of third sector innovation for public services are:
- prompting **organisational improvements** within the public sector;
 - developing **innovation in existing services**;
 - developing innovation in **service interfaces** – the relationships between services and their users; and
 - establishing **innovative new services**.
- 95 We believe that there are four key barriers to third sector innovation:
- **exclusion** from markets, commissioning processes and innovation and improvement activity;
 - lack of **resources and incentives** for innovation;
 - lack of **networks** and intermediaries through which innovation can be diffused; and
 - lack of **information** about performance, the operating environment and the market for innovation.
- 96 The Government can tackle these barriers directly by improving incentives for innovation and the intermediaries through which it can travel. In particular, **the Office of the Third Sector will support the development of an Innovation Exchange at arm's length from government and will seek a strategic partner for this work over the next three months**. The Innovation Exchange will serve as a communication channel through which third sector innovators can connect with one another and with providers of investment, contracts and research resources. It will also seek to develop a community of innovators and to become a development space for the best third sector innovations. For example, an organisation might seek to promote a particular innovation and register its desire to expand this service through a contracting relationship, through investment, or through proving its effectiveness by means of research.

¹⁹For example, see work by the DfES Innovation Unit on Next Practice (www.standards.dfes.gov.uk/innovation-unit/investigation/nextpractice_main/?version=1) and the work of the NHS Institute for Innovation and Improvement (www.institute.nhs.uk)

97 The Office of the Third Sector will also proactively support the best innovations identified through the Innovation Exchange. **The Office of the Third Sector will work with NESTA and other funders to develop innovative approaches to stimulating and supporting innovation in the third sector.**

B. Helping the third sector to improve public services

98 To build on our understanding of innovation within the public sector, the Office of the Third Sector will **explore both the take-up of third sector innovation by public services and the approaches to recognising and rewarding third sector innovation.** It will connect this work with HM Treasury's review of the Invest to Save budget.

99 We know from the Review of the Sector consultation that there are third sector organisations that, alongside their direct delivery of services, would like to be able to assist the public sector in developing the best quality services it can. **In addition, therefore, the new Office of the Third Sector Public Services Innovation Team will broker and host events and dialogue between third sector innovators and their counterparts in public services to ensure that our public services and public sector**

commissioners learn from the best of third sector practice. For example, the Office of the Third Sector will work with colleagues from the third and public sectors to examine forthcoming National Consumer Council research into the user experience of services provided by different sectors.

100 Over the last few years, and within a framework of public sector accountability and commissioning, social enterprises have been formed from within the public sector in a number of areas of delivery. This has been the case, for example, in the area of leisure facilities, where over 100 leisure trusts have been formed from local authority leisure services. Where services are being commissioned in the areas detailed below, such new forms of provider offer another potential way of delivering services that can harness the power of local communities through mutual, community and employee ownership or management.

101 However, there are a number of practical challenges in forming social enterprises within the public sector, including employment issues, choosing appropriate legal structures and governance arrangements, ensuring democratic accountability, building organisational capacity and the process of creating such bodies.

102 Where further opportunities are being developed for the creation of new forms of provider, the Office of the Third Sector will work with the five major spending departments to spread relevant good practice and case studies on the experiences of establishing social enterprises from within the public sector.

Case study 4: Leisure trusts



In the early 1990s, many local authorities took up the option to create leisure trusts as an alternative method of delivering leisure and cultural services. 'Leisure trusts were set up for charitable purposes, to benefit the communities they serve,' says Mike McCardle, Executive Secretary of SpoRTA, the Sports and Recreation Trusts Association that represents 110 leisure trusts in the UK. 'They work in partnership with local authorities to deliver agreed programmes and services. "Leisure" can cover everything from theatres to golf courses and tourism to sports centres, so some leisure trusts are huge organisations.'

SpoRTA's 110 member trusts have a combined annual turnover of £500 million, and over 12,300 full-time employees. Together, SpoRTA members handle over 180 million visits to their facilities each

year. Greenwich Leisure, for example, manages over 50 public leisure centres within the M25, in partnership with local authorities and other local government agencies.

Another SpoRTA member, Wigan Leisure & Culture Trust, is one of the largest leisure trusts in the UK, and recently helped co-ordinate a series of adult learning taster sessions in Wigan Borough libraries. They are also pioneering free swimming provision for the over 60s – a move which has been warmly welcomed locally.

'I am absolutely thrilled about the new free swimming scheme,' said Max Finney, from the local Over 50s Forum. 'Swimming has so many benefits.



There is obviously the health aspect, but it is also important socially. Making new friends is a very important part of maintaining a healthy lifestyle.'

More local authorities are currently considering the leisure trust option. They see the benefits of working with a community-focused organisation that has the operational freedom to accommodate the changing nature of leisure provision and customer expectations.

Wigan Leisure & Culture Trust, for example, is financed by a combination of external funding and income generation, including an annual grant from Wigan Council. A trading arm exists for services that are deemed not to be charitable, such as catering services and grounds maintenance. These are operated under the banner of Wigan Leisure & Culture Enterprises.

Building the third sector's role in holding services to account

- 103** To hold services to account, it is vital to engage citizens and capture their views. Citizen engagement is therefore a critical part of the Government's approach to public service reform. The third sector can play a strong role in holding public services to account by empowering communities and individuals to have their say, particularly for those whose views can be marginalised.
- 104** The establishment of the Office of the Third Sector reflects the Government's commitment to ensuring that partnership with the sector is at the heart of its agenda. The Office has established strategic partnerships with 22 voluntary and community sector representative bodies to enable them to provide a voice for the sector in policy development, and has recently announced that it is to extend these partnerships to representatives of social enterprises.
- 105** The establishment of the Office of the Third Sector is only part of a programme to engage with the sector on a more strategic level in central government. Therefore, a number of central government departments are setting up strategic third sector engagement groups to ensure that the perspectives of the sector are reflected at the highest level. DCLG is considering establishing a tripartite senior engagement board to include representatives from central government, local government and the third sector. This would provide strategic direction and national leadership on the range of initiatives aimed at improving the relationship between the two sectors. In addition, an advisory panel is working with HM Treasury on the 2007 Comprehensive Spending Review; DfES has recently established the Third Sector Forum to improve contractual arrangements; and DH published the report of its Third Sector Commissioning Task Force earlier this year.
- 106** Government is committed to ensuring that the sector can better engage in policy consultation and to supporting its innovation and campaigning role. **As noted in the interim report of the Review of the Third Sector, the Government is interested in the views of third sector organisations on how it can further improve consultation and engagement activity.**
- 107** We are also committed to working with the DTI and OGC so that messages on engagement with small businesses and on the encouragement of innovation are delivered to procurers in a consistent way.
- 108** A significant proportion of the third sector is engaged in some form of campaigning and this is clearly at the heart of their public role. Local third sector organisations, in particular community anchor organisations, can have a pivotal role in helping communities to hold public service providers to account. The sector also has a co-ordination role that supports the ability of individuals to hold services to account directly.
- 109** The Government has a clear vision for supporting this role, particularly in relation to:
- improving the quality of public services through implementing new approaches to citizen governance;
 - offering greater opportunities for local people to challenge how services are delivered; and
 - encouraging the formation of user-led organisations.
- 110** Although models for **citizen governance** vary considerably, there are some common challenges to making these arrangements effective, including how genuinely to represent communities and ensure that public bodies respond to feedback. Other considerations are how best to co-ordinate the

approach to recruitment and training and how to facilitate the sharing of expertise between those involved in governance arrangements.

- 111** The October 2006 Local Government White Paper, *Strong and Prosperous Communities*, acknowledged that local third sector organisations often act as a voice for local communities, increase the accountability of local public bodies and build social capital, as well as supporting civic action by citizens in their communities. The White Paper recognised the diverse nature of the third sector and the different roles that it plays: shaping and designing effective services; representation and advocacy; lobbying; and influencing policy.
- 112** The reforms set out in the White Paper therefore provide third sector organisations with new opportunities to help local government shape places and influence the delivery of local public services. There is an expectation that the third sector will be actively involved in all local strategic partnerships. Local government reforms also highlight the critical importance of genuine third sector engagement in the negotiation, delivery and monitoring of local area agreements.

113 Greater responsiveness to feedback from citizens and communities forms a central part of reforms to local government. The Government expects that local councils will:

- take steps, where appropriate, to ensure the participation of citizens, local voluntary and community groups and businesses in local decisions;
- increase the involvement of users and communities in commissioning decisions;
- enhance the right of local people to be heard, by extending the Community Call for Action to all local government services so that citizens and communities can expect an answer to their concerns from their local authority via a councillor;
- provide neighbourhoods and communities with opportunities to request local charters, setting out the service standards and priorities which communities wish to see reflected in local plans; and
- reinforce the importance of the user perspective in the judgements of inspectorates, such as the Audit Commission, on the performance of services and of local authorities.

114 The Government is committed to empowering citizens with more opportunities to influence public services in ways that are relevant and meaningful to them, and in ways that will make a real difference to services. For example, as a key part of health reform the Government wants people to become active partners in their healthcare and wishes to create a system where people are no longer passive recipients of NHS and social care services.

115 This is why **the Government is bringing forward plans to establish Local Involvement Networks (LINKs)** to strengthen the voice of local people in the health and social care system. LINKs will provide flexible ways for a much larger number of people to engage with their local health and social care organisations to help shape services and priorities in ways that best suit them. They will promote public accountability through open and transparent communication with commissioners and providers. This will include people who find it hard to be heard, such as disabled children and their families, and people with learning disabilities.

- 116** The Government wishes to make funds available to local communities to help them develop LINKs in ways that are right for them. Money will be given to the local authorities to contract with local organisations such as voluntary and community groups or social enterprises to identify the most appropriate arrangements for hosting LINKs. These host organisations will play an important co-ordinating role in supporting the ability of communities to hold their local health and social care services to account.
- 117** An important prerequisite for these reforms to be effective is ensuring that citizens have the knowledge, skills and confidence to play an active role in public dialogue, consultation and local decision making. Only then can they scrutinise public services, hold them to account and help to improve them. To this end, the Government has supported the development and publication of the Take Part framework for active learning and active citizenship, and its dissemination by the Take Part network to promote an expansion of citizenship learning opportunities.
- 118** More broadly, the Government has set out its framework for community capacity-building in *Firm Foundations*.²⁰ The Government will continue to build on this framework for empowering community groups by improving the relationship between Capacitybuilders and the investment programmes of local authorities. Of course, public bodies will need to demonstrate a responsiveness to feedback from community groups to nurture continuous improvements in citizen engagement.
- 119** Alongside building capacity, the challenge is to scale up citizen governance to enhance the opportunities that communities and third sector organisations have in scrutinising public services. For example, the Expert Patients Programme (EPP), a peer-led self-management programme for people with long-term health conditions, gives people the skills and confidence to manage their condition better on a day-to-day basis and to improve their quality of life. A network of 1,500 trained volunteers who have a long-term condition themselves deliver the EPP course. DH is establishing a community interest company to market and deliver the EPP. Learning from the success of school governors – where external stakeholders collaborate to improve a service – and tenant management organisations, **the Office of the Third Sector will work with the five departments to identify ways of strengthening channels through which the sector can hold public services to a greater level of accountability.**
- 120** The Government recognises, however, that socially excluded groups often find it hard to have their voices heard on how services could be improved. **DH is leading a project working with the Office for Disability Issues (ODI) to establish user-led organisations in every local area by 2010.** These organisations, run and controlled by disabled people, will be based on the principles of choice and control, and have as a central feature an aim to promote independent living, demonstrating this commitment through their activities. These organisations will differ according to the needs in a particular locality, and will play a part in the

²⁰ Home Office (2004) *Firm Foundations: The Government's Framework for Community Capacity Building*.

design, development and delivery of services for disabled children, adults and older people and their families in every aspect of their daily lives.

121 While government action to support the sector's ability to hold public services to account on behalf of the public is important, the third sector also has a responsibility to strengthen its role. This is beginning to happen with organisations pioneering new approaches to helping public voices to be heard in the public sector. For example, Changemakers' Young Advocate scheme places young adults inside public sector organisations. While the young advocates learn new skills, they are able to challenge the work of public services and help to develop new approaches that are expected to have a sustainable impact on the quality of services.

122 Similarly, Patient Opinion is a social enterprise that enables patients to share their experiences of the healthcare they are receiving with fellow patients through online forums. Although the primary objective of Patient Opinion is to help the public understand the range of services available, it also aims to give constructive feedback to service providers that will improve the NHS. Like Changemakers, therefore, it is developing a sustainable business model based on the insights it is able to generate. **The Office of the Third Sector will share lessons from these models with other government departments.**

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3

Opportunities for
contributing to
public service
transformation

Opportunities for contributing to public service transformation

123 Over the last 10 years, the Government has worked in partnership with the sector to improve public services in a number of ways: as service deliverers and as catalysts for service development through innovation, campaigning, contributing to the design of services and supporting civil engagement. The sector has helped stimulate service changes as diverse as new forms of palliative care, doorstep recycling and intensive work with young people at risk of offending. Many local authorities and central government departments have better engaged the sector in decision making, from the New Deal for Communities programme to Supporting People.

124 Our commitment to improve public services, and in particular to empower and engage communities and users, means that we expect a growing third sector role in service delivery. We outline below a number of areas where the sector can contribute.

Home Office: National Offender Management Service

Correctional services

125 The third sector has often pioneered new ways of working with offenders. For example, it delivers

many of the programmes of intensive supervision and support for young people at risk of offending (youth inclusion programmes), which early evaluations suggest are some of the most effective at reducing crime in the long term.

126 NOMS was created in 2004 to commission prison and probation services through nine Regional Offender Managers and a Director of Offender Management for Wales. Commissioning is intended to promote partnerships between public, third and private sector organisations which play to their strengths in tackling re-offending and improving public protection. A key theme is improved service provision across organisational boundaries, with a focus on end-to-end offender management.

127 The National Probation Directorate has already instructed its probation areas that a target of 5 per cent of the 2006/07 main resource grant must be used to deliver services to offenders through the third sector and private sector, to increase to 10 per cent by April 2008.

128 From April 2008, the Home Office will increasingly contest prison and probation services, in particular probation interventions, which are worth an

estimated £250 million a year. For example, unpaid work, which accounts for around £100 million a year, is an arena where a range of providers may work together to improve outcomes. The third sector, along with the public and private sectors, will increasingly be included in those additional opportunities, following the legislation that is required to open up the delivery of probation services to other providers. The publication of the NOMS Commissioning Framework will set out the overarching commissioning priorities and service delivery targets that providers will need to meet for the forthcoming financial year. The National Framework will be supplemented more locally by the Regional Offender Managers' commissioning plans.

Joint commissioning of offender learning

129 Since July 2006, Regional Offender Managers and the LSC have been jointly commissioning a mix of provision delivering learning and skills for offenders in both custodial and community settings across the whole of England. Lead providers will need to ensure they have sub-contracting arrangements in

place that enable them to deliver the full range of provision needed. A similar arrangement, taking account of different national structures, will apply in Wales.

- 130** These new arrangements may offer additional opportunities for third sector organisations, including providers of mainstream education and training provision, to deliver offender learning.

Department for Work and Pensions

Employment and training services

- 131** DWP has just completed a review of its competitive neutrality, to make sure that there is a level playing field in commissioning for different kinds of provider. In order to clarify the respective roles of Jobcentre Plus and DWP, the commissioning and procurement functions of Jobcentre Plus will, as of April 2007, move to DWP, enabling greater separation of the purchaser and provider roles.
- 132** This transfer of responsibilities will allow Jobcentre Plus to focus on the services it delivers and on steering customers to programmes contracted, managed and funded by DWP. It will bring together within DWP the work on strategy and programme design, give greater clarity over accountability for

expenditure, and integrate procurement and contract management activity with the rest of DWP's Procurement Centres of Expertise.

- 133** In 2004/05 Jobcentre Plus' programme budget was £1.09 billion, of which 9 per cent was spent through the third sector. Of the 1,200 providers that had service delivery contracts with Jobcentre Plus at some point in 2004/05, over 200 were with the third sector.
- 134** Third sector providers are primarily involved in four welfare initiatives: the New Deal, WORKSTEP, Work Preparation and Pathways to Work. The New Deal is a key part of the Government's strategy to get people off benefits and into work. It gives the unemployed the opportunity to develop the skills and experience that employers want so that they can find sustainable jobs. WORKSTEP provides tailored job support to disabled people who face more complex barriers to finding and keeping work. Around half of WORKSTEP provision is delivered by the third sector. Work Preparation helps disabled people gain employment by assessing an individual's barriers to achieving their chosen job goal and helping them to overcome these. Third sector providers account for almost all of Work Preparation provision.

Case study 5: NOMS in Yorkshire and Humberside

NOMS National Offender Management Service

Working together to reduce re-offending

In the Yorkshire and the Humber NOMS team, the third sector agenda has been progressed in two important ways:

- The team has formed a voluntary and community sector Pathway Team that works within the cross-cutting structures of the Reducing Re-offending Team. Led by a senior manager seconded from the third sector, this has significantly enhanced knowledge, confidence and trust about work with NOMS.
- In 2006/07 more than £10 million of additional funding has been made available for the delivery of new services to offenders (bail information, bail support and specialist services for women). Mostly working in partnerships, eight third sector organisations have secured new funding.

National roll-out of Pathways to Work

- 135** Pathways to Work is an initiative that was developed to provide greater support to help people claiming incapacity benefits back into sustainable employment. The Government will, by 2008, implement Pathways to Work in those areas of the country that do not currently have Pathways coverage. This will create a significant opportunity for the third sector to bid to deliver Pathways support, either as individual bidders or as part of consortia. The roll-out will take place in phases, between spring 2007 and April 2008. The tendering process for the first phase began in July 2006, and short-listed bidders will submit their proposals by February 2007.
- 136** The structure of Pathways to Work contracts marks the beginning of a move to paying service providers a greater proportion based on the outcomes they achieve rather than on meeting milestones in processes. Government expects that providers, including from the third sector, will be able to translate that greater freedom into innovative solutions in meeting the needs of their customers.
- City-level employment consortia**
- 137** City-level employment consortia are a key element of the Government's welfare reform agenda for tackling

unemployment and skills issues in our most disadvantaged communities. The Cities Strategy provides the opportunity for areas to set out a vision for increasing the number of people in work, using greater flexibility to innovate and better align activity to drive up performance, and for the help and support they need from government to realise that vision. The aim is that services are delivered in a more integrated, customer-focused and responsive way, achieving better outcomes from the money flowing into local areas by improving the way in which people without work are helped to take up jobs that employers need to fill.

- 138** Fifteen pathfinder local areas will be asked to develop a consortium of local partners, including employers, to provide a focus for co-ordinating activity to help jobless people move into and progress through work. Pathfinders will benefit from a more flexible funding structure, up-front 'seed' funding and rewards for achieving specified employment outcomes. Each consortium will be expected to make use of private and third sector providers to deliver employment support. Third sector organisations, with their distinctive understanding of the social and economic environment in a local area, will be key contributors to making a success of this initiative. The first phase is expected to begin in April 2007,

with the possibility of an extension to other areas if this is successful.

Improving information provision

- 139** The Prime Minister's Strategy Unit report, *Improving the Life Chances of Disabled People*,²¹ made a number of recommendations and highlighted the fundamental importance of the provision of information on public services to meeting this objective. The ODI is taking forward the work on improving the provision of information to disabled people about services, provided by and through government and the wider public sector. DWP has produced a report on improving information for disabled people, due to be published shortly.
- 140** The report highlights areas where progress is already being made, and good practices that should be adopted more widely across public services. Information provided in a format that is accessible to disabled people is often difficult to come by and individuals must frequently access different information from a variety of different providers. The voluntary sector often fills the gap and provides joined-up, cross-service information in some areas,

²¹ The Prime Minister's Strategy Unit (2005) *Improving the Life Chances of Disabled People*. www.strategy.gov.uk/work_areas/disability/

especially local information. Recognising the role of the third sector in helping to deliver improved information provision across public services, the ODI will look to the Third Sector Review to ensure that the role and capacity of third sector bodies, and user-led organisations in particular, are recognised as an important element.

Department for Education and Skills Learning and Skills Council

- 141** The LSC will be responding to the needs of employers, learners and communities in its decisions about the funding of provision for 2007/08 and beyond. In doing so, it will take steps to introduce alternative providers wherever it finds current provision to be too poor in quality. It will also offer new opportunities for providers where they arise, for example in new areas of investment or where there are gaps in the market.
- 142** The Government and the LSC have set aside a budget of £210 million a year in 2006/07 and 2007/08 for learning for personal and community development. This includes a wide range of opportunities from information technology and basic education through to sports, recreation and cultural courses. The budget also includes discrete

elements for family learning, family literacy, language and numeracy and neighbourhood learning.

- 143** The LSC is also keen to hear from third sector organisations that have particular expertise in any of its priority interest areas. It sees as important offering memoranda of understanding to key national organisations that can help it to understand particular groups of learning or methods of engagement. One such memorandum has recently been signed with the Prince's Trust, and the LSC is in discussions with other third sector organisations to the same end.
- 144** The third sector will be encouraged to apply for any available contracts through a procurement process that will be designed to be flexible enough to offer an equal chance to smaller, specialised providers. The LSC will also encourage collaborative ventures, both across the third sector and beyond.

Children's services and education

- 145** The third sector already makes a significant contribution to improving outcomes for children, young people, families and learners of all ages. DfES has signalled that it expects commissioners to engage with a wide range of providers.

- 146** The Children Act 2004 is the legislative foundation on which we are building the Every Child Matters²² reform of children's services. The Act established a duty on local authorities to make arrangements to promote co-operation between themselves, specific agencies (including the police, probation service, youth offending team, strategic health authority and PCT, Connexions service and LSC) and other bodies such as third sector organisations, to improve children's well-being. It is therefore becoming increasingly common for these agencies and third sector organisations to join forces and work collaboratively around a preventative agenda. Third sector organisations are key partners in the Every Child Matters agenda, share this vision of improved outcomes for children and young people and have a distinctive contribution to bring to the table. Government has started, through Every Child Matters, to create an environment where third sector organisations can play a full part with other partners at local, regional and national level to improve the lives of children and young people.

²² DfES (2003) *Every Child Matters*.

Parenting support

- 147** The significance of parenting in improving child outcomes has become increasingly central to policy formation on family issues. Parenting support is a wide-ranging and complicated issue. Meeting parents' needs as early and as effectively as possible is vital to social well-being and is certainly not the responsibility of public services alone. Most parents will look first to friends and family members. They may also look to third sector organisations before they turn to the state.
- 148** A report for DfES by PricewaterhouseCoopers, *DfES Children's Services: The Market for Parental & Family Support Services*,²³ published in 2006, highlighted that the market for parenting support services was highly fragmented, patchy and complex. It also found that the market was seen to be relatively young, growing, evolving at a fairly rapid rate and supply-constrained.
- 149** Third sector organisations already make a significant contribution as providers of parenting and relationship support and, in many cases, have expertise in engaging those that the public sector may fail to reach. The drive to improve the availability and quality of parenting and relationship support – together with the expectation that local

authorities will plan (with their public sector partners), commission and co-ordinate services more strategically to develop a continuum of support for parents – offers greater opportunities for third sector providers to enter, or expand their contribution in, this area.

Expanding children's services and new commissioning arrangements

- 150** The third sector has been championing the importance of good childcare for many decades. In developing the 10-year childcare strategy, the Government worked closely with the sector, through organisations such as the Daycare Trust, Pre-School Learning Alliance, 4Children, National Children's Bureau, National Day Nurseries Association and the National Childminding Association. The Government has allocated nearly £3 billion over 2006–08 to local authorities to deliver early years and childcare services.
- 151** The strategy sets a goal to establish 3,500 Sure Start Children's Centres by 2010, one for every community. According to a survey of the first 450 Children's Centres in February 2006, one in five are run by third sector providers, and four in five commission services from the third sector. In addition to Children's Centres, the third sector

delivers a significant proportion of other childcare in England, for example 20 per cent of full day care, 60 per cent of sessional providers and 39 per cent of out-of-school clubs.²⁴

- 152** The provision of childcare through Children's Centres offers significant opportunities for third sector providers to be involved in delivering the childcare, early education, health, family and parenting support and employment advice these centres offer to families with children aged 0–5. Such services have user and community engagement at their heart. It has been made clear in guidance that local authorities must involve private and voluntary sector providers in planning and developing Children's Centres. The memorandum on the Sure Start grant was amended so that from April 2006 local authorities are required to consult and consider using the private and voluntary sectors as they develop Children's Centres and keep evidence to show that they are meeting this condition.

²³ PricewaterhouseCoopers (2006) *DfES Children's Services: The Market for Parental & Family Support Services*. London: PricewaterhouseCoopers.

²⁴ DfES (2005) *Childcare and Early Years Survey: Out-of-School Providers*.

153 The Childcare Act 2006, building on the 10-year childcare strategy, aims to maintain and strengthen diversity in the childcare market to give choice to parents and to encourage innovation and responsiveness to local needs. The Act contains provisions to ensure that local authorities will only be able to provide childcare themselves if there is no other provider available or if the local authority considers, in all circumstances, that it is appropriate to do so. This obligation will come into force from October 2007 and should provide opportunities for the third sector to make an even greater contribution to the development of childcare services.

154 A Transformation Fund of £250 million in 2006–08 will be used to improve staff qualifications and leadership in third, private and independent sector full-day care settings, and will also help playgroups and childminders to develop their skills.

155 DfES has also set aside £3 million in 2006–08 to increase the capacity of third sector providers to engage at strategic and delivery level in local children's services.

Extended schools

156 By 2010, the Government wants all children to be able to access a core offer of extended services through schools, in partnership with local providers. These services will include access to childcare, parenting support, health and social care, study support and adult learning. To support schools in setting up and embedding extended services, the Government has committed £680 million up to 2008.

157 The extended schools agenda presents excellent opportunities for third sector providers. These may include managing facilities such as childcare provision on the school site or nearby. We would expect that many schools will choose to deliver childcare in partnership with third and private sector providers rather than directly themselves.

158 The Training and Development Agency for Schools is working with local authorities to deliver access to extended services, including through partnership working with the third and private sectors. DfES is working in partnership with the national charity 4Children to provide support to schools in developing their extended services, particularly around childcare. Guidance for new and existing providers will be published in December 2006.

Positive activities for young people

159 The *Youth Matters* Green Paper²⁵ set out the Government's vision of increasing opportunities for young people to take part in a wide range of positive activities in their leisure time. Positive activities include sports, constructive activities in clubs or groups and volunteering. Although there is currently no comprehensive map of the full scale of investment, local authorities spend in the region of £400 million a year on positive activities through youth services alone.

160 The recent Education and Inspections Act 2006 includes a new duty on local authorities to secure access for young people to sufficient positive activities which will apply from January 2007.²⁶ In doing so, local authorities will be required to consider and consult upon whether other providers would be better placed to deliver activities on their behalf and, if this is the case, to commission services from them.

²⁵ DfES (2005) *Youth Matters* Green Paper.

²⁶ Where children have a disability, this duty applies up to the age of 25.

161 Third sector organisations already make a significant contribution as providers of positive activities for young people and, in many cases, have expertise in engaging those that the public sector may fail to reach. The drive to improve the availability and quality of publicly funded positive activities and targeted youth support – together with the expectation that local authorities will increasingly become commissioners rather than providers of services – offers greater opportunities for third sector providers to enter or expand their contribution to this area.

Department of Health Health and social care

162 Health and social care are among the most important areas for harnessing the potential of the third sector, including social enterprise. (Analysis indicates that as many as 33 per cent of social enterprises work in health and social care, with an emphasis on partnership working.) Improvements are being made across the health service, and the third sector is already making an important contribution to this transformation. The opportunities for the third sector are wide-ranging. Examples include the impact of practice-based

commissioning, which engages clinicians in the commissioning process. Practices have a greater influence in the commissioning of services for their patients, and may choose to commission from a range of providers. Practice-based commissioning also offers opportunities for GP practices to become providers and this will likely increase further the diversity of services available. The third sector provides home care for older people or those with disabilities and support for those with mental health problems or those living with long-term conditions. Existing social enterprises are diversifying into other areas, such as from social care into dental services.

163 Following publication in January 2006 of the White Paper *Our Health, Our Care, Our Say*,²⁷ a Social Enterprise Unit has been set up in DH to support the development of social enterprises in this area. In particular DH, working with the Office of the Third Sector, is:

- leading a programme of pathfinder projects in 2006–07 and 2007–08 to support those wishing to set up social enterprise models from within the NHS and local authorities; those who wish to develop partnerships with others, including the public and private sectors, to deliver services; and

existing social enterprises and other third sector organisations that want to enter the health and social care market; and

- setting up a social enterprise investment fund to provide start-up support and investment for social enterprises in health and social care, and develop a resource pack.

164 Ensuring that services are centred on the needs of users and that they empower users and communities are core to health and social care reforms. From 2007, each PCT will be required to carry out a systematic review of the services it commissions on behalf of the local population, working with practice-based commissioners. As a result of the review, PCTs may decide to look for new ways of providing services to improve the quality and responsiveness of patient care.

165 In addition to the opportunities mentioned above, we believe that the third sector could play a particular role in contributing to service improvement in the following specific areas.

²⁷ DH (2006) *Our Health, Our Care, Our Say: A New Direction for Community Services*.

Case study 6: Sandwell Community Caring Trust

Midlands-based Sandwell Community Caring Trust provides residential care, respite care and supported living for older people and those of all ages who live with learning or physical disabilities. Since it was established in 1997, the Trust has achieved impressive savings for its local council. CEO Geoff Walker is one of the founding executives. He says:

‘Sandwell was then – and still is – a deprived area. Back in 1997, a significant proportion of the demographically mobile population had moved away, and we were left with a larger than average dependent population. This placed enormous strain on council resources, which had already been severely cut.’



In 1997, a care home for elderly people cost £452 per person, per week. Nine years later, Sandwell CCT has reduced that cost to £328. This has been achieved, says Geoff, without sacrificing quality of service or staff pay and conditions: staff enjoy local authority terms of employment and have a staff turnover of just 4 per cent.

Sandwell CCT recently came second in the *Sunday Times* list of the best 100 companies to work for. ‘We actually came first in the category for work–life balance and less stressed workforce,’ says Geoff, ‘which in the mental health arena is a remarkable achievement.’

And that positive atmosphere is paying real dividends for the service users too. ‘Things used to get on top of me and I suffered from depression, but the Sandwell staff have helped me to look at life in a new way,’ said one. ‘The Trust has shown me respect and I now feel a lot happier. It’s helped me with my everyday life.’

Before becoming an independent enterprise, Sandwell CCT had an annual turnover of less than £1 million and employed around 80 people. Now, it



can boast a turnover of £8.5 million and employs 320 people.

According to Geoff, ‘We’ve saved money and improved front-line services, and that’s the bottom line. We provide a very high ratio of care – with 320 staff for 350 service users – and deliver a

service that is much needed in this community. We are all very proud of Sandwell CCT.’

Audiology services

- 166** DH is currently looking at how to improve access to audiology services through the development of a national action plan. As part of that process, they will be engaging all stakeholders to develop a new model of delivery, to achieve the best possible service for users. The development of the action plan will involve discussions with third sector organisations and other potential partners to deliver a patient-centred system for audiology services. The plan will be published in early 2007.

Low vision services

- 167** Low vision services are provided to people who have a vision problem that impairs their daily living and is not corrected by conventional spectacles or contact lenses. At present, low vision services are typically provided by PCTs through hospital eye services and rehabilitation services through social services departments. Some low vision services are provided through primary care opticians, and third sector organisations are often involved in local service provision. Best practice in this area would be for collaborative cross-sector working involving health and social care services and, wherever possible, the third sector. The Royal National Institute of the Blind

and other third sector organisations are already involved in providing low vision services in some parts of the country.

- 168** DH funded PCT-led pilot projects, which ran until June 2006 and tested new ways to deliver low vision services. The pilots all have third sector input. In one pilot, a third sector organisation is co-ordinating the overall design, testing and service provision. A formal evaluation of these services was completed in November and will be considered as part of a review of ophthalmic services currently under way. DH is planning a conference in January 2007 to showcase learning from the pilots to commissioners and other stakeholders, to inform future service delivery plans.

Community equipment and wheelchair services

- 169** Community equipment, including wheelchair provision, encompasses the assessment of individuals with support needs and the provision of equipment, minor adaptations and training to facilitate independent living. Effective and timely provision of these services enables people to remain in their own home and increases quality of life, while reducing burdens on residential and more intensive support services, including the NHS.

- 170** The vast majority of community equipment services across England are currently funded through pooled health and local authority budgets in the region of £200 million. In some areas these services have already been opened up to new providers, with third sector organisations such as the British Red Cross winning several contracts alongside private sector providers. Wheelchair services are solely provided and funded through the NHS. The total resources involved are estimated to be £80 million.

- 171** DH is currently developing a new collaborative model for delivery of both community equipment and wheelchairs. The objective of the programme is to develop a new model with all key stakeholders, including the third sector, capable of implementation from autumn 2007. The collaborative process is involving all stakeholders, including those who need services and their carers. The work is ongoing and the team will be reporting to Ministers in early 2007.

- 172** Developing proposals in this way will ensure that the model leverages the strengths of both the third and private sectors and that it will deliver an improved experience for the people who need equipment and wheelchairs, as well as those who care for them. It will identify how best to open the

market for equipment in England to contestability, and in doing so the team is working closely with DCLG and local government. This could represent a very significant opportunity for the third sector to bid to deliver services in order to reduce inequalities in access to provision, to achieve an increase in the current quality of service provided to individuals and to remove inefficiencies in the current procurement, delivery and installation processes. With time, the objective would be to release efficiency savings, which could then be reinvested in improving the quality of care provided.

- 173 DH will seek to incentivise partnership working between large and small organisations, also ensuring the involvement of community groups, which may have much to offer in this area.

Other local public services

- 174 Local government is responsible for a diverse set of services, some of which already have strong involvement from the third sector and others in which the sector's involvement is still growing.
- 175 DCLG has recently published a report,²⁸ alongside the Local Government White Paper, which considers the key challenges and opportunities facing major

local government service markets and identifies thematic issues that influence effective competition across local services. The report sets out a framework for encouraging the growth of a diverse and competitive market in which the third sector is expected to play a growing role.

- 176 In particular the report identifies a number of potential growth areas for the third sector, including in mainstream and specialist bus services, municipal waste collection and recycling, neighbourhood management, community sport and youth services. A discussion paper to be published shortly will explore the potential in the first three of these areas in more detail, and there will be a meeting in early 2007 to explore the potential of the third sector in local public services.

Community transport

- 177 As highlighted in the social enterprise action plan published in November 2006,²⁹ the third sector is already involved in delivering community transport services. The Department for Transport and DCLG consider this to be an area where the third sector has significant growth potential in delivering services both in rural and urban areas. There is potential across a number of sectors within the

transport market for third sector suppliers to stimulate innovation, tailor local services and increase the responsiveness of services to users' demands.

- 178 The DCLG report on local markets identified home-to-school transport and specialist local bus services as areas where there are already a number of active and well-resourced community transport providers with spare capacity. As part of the work to increase competition in the community transport sector, the Government expects these to be important areas for community transport services. Additionally, in early 2007, the Government will set out detailed proposals on the future direction of bus policy. Legislative measures to support this will be included in the draft Road Transport Bill.

²⁸ DCLG (2006) *Developing the Local Government Services Market to Support a Long-Term Strategy for Local Government*.

²⁹ Cabinet Office (2006) *Social Enterprise Action Plan: Scaling New Heights*.

Case study 7: Brent Community Transport



Brent Community Transport (BCT) was founded in 1975 to address social imbalances in transport within the London Borough of Brent. Two years ago, BCT was awarded £440,000 by the Urban Bus Challenge to run the 'Brentlink' project. This involved developing new relationships with stakeholders such as Transport for London and London Borough of Brent, as well as many local voluntary organisations.

'Brentlink is a semi-scheduled, accessible bus service targeting isolated areas of the community and those with poor access to mainstream transport,' says Scott Rosser, Director for London at the Community Transport Association. 'It also serves individuals

whose transport needs aren't being met by statutory provision.'

Brentlink currently has over 900 individual members, operates on three routes in the borough and is actively working with Transport for London to assess the Mobility Bus Network. At the same time, BCT is working closely with the PCT to provide a weekly 'Hop & Shop' project, which is helping residents to get access to affordable, healthy food.

'The shopper bus scheme was part of a two-year bid with the PCT in Brent to promote healthy eating and the five-a-day initiative,' explains Scott. 'One of the core aims of the project is to serve different areas each week according to need, rather than travel to a single supermarket.'

For example, one of the sheltered housing schemes served by the Hop & Shop bus has a large Asian community. The bus takes members of this community to places where they can buy fresh foods from India and Pakistan.

Regular user Kathleen Sheridan says of the service: 'The bus I have is perfect. I use the service once a week to go shopping, and the driver is always friendly and caring.'

At a recent Brentlink review forum last year, another user praised the initiative for 'helping us vulnerable and less mobile people to get about and not have to depend solely on the mainstream buses.'

This all ties in very neatly with BCT's own vision for a future that is free of social exclusion and injustice, where everyone has the mobility they require and equal access to services and opportunities in society.

'The Community Transport Association is committed to supporting and developing the sector and works closely with its members to ensure that they are represented at the highest level,' says Scott. 'We're proud to be working with government and all of our partners and stakeholders to achieve this vision.'



Waste management services

- 179** The local authority waste sector is worth around £1.6 billion and covers collection, disposal and re-use. There are already good examples of social enterprises winning contracts and delivering scalable waste management solutions. There are opportunities to expand their role in a market where the UK faces challenges in responding to EU targets for reduced dependence on landfill and an increase in waste minimisation and recycling.
- 180** The Department for Environment, Food and Rural Affairs (Defra) *Waste Strategy Review* consultation, published in February 2006, recognises the important contribution that the third sector can play in delivering responsive waste management solutions such as re-use and recycling. Defra will be considering how best to facilitate a greater contribution by the sector to meeting waste objectives, which will include:

- working with stakeholders to address the barriers faced by the sector in competing to deliver waste services; and
- improving competition in the waste services market and making more effective use of third sector models to offer innovation and value for money and to facilitate the delivery of a range of cross-cutting benefits.

Supporting People programme

- 181** The Supporting People programme, launched in April 2003, ensures that some of society's most vulnerable people have the help and support they need to live independently. Through investment of over £1.7 billion a year in housing support, over 1.2 million people a year are helped to stay in or access a home of their own. This means enabling older people to choose to stay for longer in their own homes and in their own communities; helping homeless families to stabilise and resettle following

crisis; and, through ensuring housing stability, providing a secure platform for social inclusion which underpins and enables broader health, skills and social interaction.

- 182** The programme is delivered locally by top-tier local authorities (i.e. unitary authorities and county councils), through 6,000 providers and an estimated 37,000 contracts. The third sector is a major deliverer – DCLG estimates that around two-thirds of the programme is delivered by third sector organisations. For Supporting People, the challenge is to ensure a level playing field which allows that level of expertise and involvement to be sustained. This will be set out in the Supporting People strategy, which will be published in early 2007.

A light blue background with several squares in various shades of blue and purple. The squares are arranged in a pattern that suggests a staircase or a grid. The colors range from light blue to a deep purple.

4

Supporting the
development of the
sector's overall
capacity

Supporting the development of the sector's overall capacity

183 In order that the third sector can take advantage of this new environment for involvement in public services, it is important to invest in its capacity, increase access to finance and improve the regulatory environment. In advance of the Review of the Third Sector next year, this action plan includes some more immediate steps to build the capacity of the sector.

Capacity building

184 The ChangeUp programme was established in 2004, to ensure that needs of front-line voluntary and community organisations will be met by effective infrastructure support, backed by £150 million until 2008. In April 2006, the Government established Capacitybuilders, an arm's-length organisation with the mission of securing a high-quality, sustainable funded infrastructure for front-line third sector organisations. Capacitybuilders has already launched new funding programmes, including a new programme targeted at rural, black and minority ethnic, faith, immigrant and refugee groups.

185 Capacitybuilders is currently drawing up a road map for the sustainable delivery of the ChangeUp vision, with targets and milestones to 2014. **The road map will be put out to the sector for formal consultation between 7 December 2006 and 31 March 2007. As outlined in the Local Government White Paper, we will be examining in the 2007 Comprehensive Spending Review how best to co-ordinate Capacitybuilders and ChangeUp funding with the third sector capacity-building work in local authorities and Local Strategic Partnerships.**

186 The recent social enterprise action plan also set out our intention to work with regional development agencies (RDAs) to ensure that they are better able to support the specific needs of social enterprises. From April 2007 the Office of the Third Sector will provide funding to RDAs to improve Business Link's capacity to broker business support for social enterprises consistent with the cross-government business support simplification programme.

187 In addition, the Local Government White Paper sets a clear expectation that local authorities will foster a

healthy third sector through the work of Local Strategic Partnerships and their sustainable communities strategies. This will be particularly important for smaller third sector organisations.

188 The Government will also consider the **Local Community Sector Task Force's report**, due to be published shortly, and will look at what steps are necessary to address its recommendations in its response.

Community assets

189 Successful community-led organisations often rely on having a strong asset base, which provides the flexibility to meet the needs of their communities and raise finance. In addition, communities management and ownership of assets can help to build partnerships with local people to improve neighbourhoods. The Government is committed to supporting the principle of community asset building, both to invest in the capacity of community-led organisations and to improve neighbourhoods, while having appropriate regard to the risks and costs that may be involved.

- 190** The management or ownership of physical assets by local community organisations can bring a number of benefits. It can enable statutory agencies to extend their services in ways that are more sensitive to local needs and which draw on the community's skills and resources. It can bring jobs, new activities and increased income to communities, and in some cases restore iconic buildings to productive community use. It can also empower community organisations and those managing them, build their skills and give them greater financial security to plan and provide collateral for borrowing for further growth.
- 191** DCLG has commissioned an independent review to look further at the barriers to community management and ownership of public assets and the solutions that will help to overcome them, chaired by Barry Quirk, Chief Executive of Lewisham Borough Council. Reporting to the Secretary of State for Communities and Local Government in spring 2007 and working closely with the Minister for the Third Sector, the review will produce an action plan setting out workable proposals for early implementation.
- 192** The recent Local Government White Paper announced plans to establish a fund to refurbish local authority assets, to facilitate their transfer to community ownership and management. **Further to this, the Government announced in the Pre-Budget Report that the Community Assets Fund, worth a total of £30 million in capital grants, will be established by April 2007 to offer support to partnerships between community-led third sector organisations and local authorities. Further details of the Community Assets Fund, including the application process, will be announced early next year.**
- Access to finance**
- 193** Futurebuilders is the Government-backed £215 million investment fund to help the third sector deliver better public services. Some £125 million is currently delivered through Futurebuilders England, to provide support through a combination of loans, grants and capacity-building support for the third sector organisations that deliver public services. To date, approximately £70 million has been committed in loans and grants to 170 third sector organisations.
- 194** Futurebuilders currently focuses on the following areas of public service delivery: community cohesion, crime, education and learning, health and social care, and support for children and young people. **Government will seek to build third sector capacity across all areas of service delivery, including by asking the Futurebuilders Advisory Panel to look at opening the Fund to all third sector organisations working to deliver public services.** Expanding the fund would particularly help those organisations working on environmental activities including recycling, and those involved in community leisure and sports, many of which are social enterprises.
- 195** The social enterprise action plan also announced **plans to provide £10 million to support equity investments in social enterprises**, including some of those delivering public services.
- Regulatory environment**
- 196** The sector's overall development is also influenced by the regulatory environment in which it operates. The Charities Bill received Royal Assent on 8 November 2006 and is now law. The new legislation is intended to reform the charity law and

regulation environment so that charities can administer themselves more efficiently and be more effective. It improves the regulation of charity fundraising and provides a clear definition of 'charity', with an emphasis on public benefit. It will also modernise the Charity Commission's functions and powers as regulator. **The Government will commence implementation of the new Charities Act from early 2007.**

197 The Government has recently published its response to the Better Regulation Commission's report, *Better Regulation for a Civil Society*.³⁰ The Government has fully or partly accepted almost all of the report's 11 recommendations and has started to implement or has agreed to take forward all the areas for further work. All government departments are also developing simplification plans, which will set out how they can reduce regulatory burdens on businesses and the third sector. In particular, the Charity Commission's simplification plan will identify further the regulatory measures that could significantly benefit charities.

³⁰ HM Government (2006) *'Better Regulation for Civil Society': The Government's Response*.
www.cabinetoffice.gov.uk/thirdsector/documents/response/brc_response.pdf

Annex: Grid of actions and dates for implementation

Action	Lead organisation(s)	Timing
1 Departments will ensure that their commissioning frameworks reflect the principles set out in the plan and that third sector organisations are able to influence the development of those frameworks	DCLG, DfES, DH, DWP, NOMS, OTS	During 2006 and 2007
2 Government will establish a forum to facilitate the alignment of individual commissioning frameworks	DCLG, DfES, DH, DWP, NOMS, OTS	Early 2007
3 Government will establish a National Programme for Third Sector Commissioning to invest in the skills of the 2,000 most significant commissioners of the third sector	DCLG, DfES, DH, DWP, NOMS, OTS, RCEs, CPP, CSIP	April 2007
4 Government will review sub-contracting arrangements and develop models for establishing effective third sector consortia	DWP, OTS, OGC	Report and recommendations in June 2007
5 Government will review the implications of regional and sub-regional commissioning on third sector organisations	DfES, OTS	Summer 2007
6 Government will explore the use of social clauses and ways to tackle barriers to their use; it will create template social clauses to focus their use in appropriate contracts	OTS, NERCE	Draft templates published in summer 2007
7 Government will support the capacity of the sector to better identify and promote its impacts	OTS, Capacitybuilders London Borough of Camden, CES, Manchester City Council	July 2007
8 Government will develop a rating system for the evaluation of third sector programmes to support organisations to benchmark their performance against that of existing providers	OTS, SETF	Update in summer 2007
9 Government will establish a group to streamline the assurance process for providers that work across government departments and agencies	NOMS, OTS	Early 2007

Action	Lead organisation(s)	Timing
10 Government will develop template contracts for individual service areas	DCLG, DfES, DH, DWP, NOMS	2007
11 DWP will implement recommendations from the Employment Services Contracts Task Force	DWP	2007–08
12 Departments will systematically measure the administrative burdens associated with contracts held by the third sector	DCLG, DfES, DH, DWP, NOMS	April 2007
13 Departments will develop simplification plans to reduce the administrative burdens on third sector service providers	DCLG, DfES, DH, DWP, NOMS	November 2007
14 Government will simplify the State of the Sector panel to provide rapid feedback on the experience of procurement and commissioning from different public sector organisations	OTS	Summer 2007
15 Government will support the creation of an Innovation Exchange to connect third sector innovators with those who can support their work	OTS	Spring 2007
16 Government will build on the work of the Innovation Exchange to develop approaches to stimulating and supporting innovation in the third sector	OTS, NESTA	Summer 2007
17 Government will establish the £30 million Community Assets Fund	OTS, DCLG	April 2007
18 Government will ask the Futurebuilders Advisory Panel to look at opening the fund to all third sector organisations working to deliver public services	OTS	April 2007

CES Charities Evaluation Services

CPP Centre for Procurement Performance

CSIP Care Services Improvement Partnership

DCLG Department for Communities and Local Government

DH Department of Health

DfES Department for Education and Skills

DWP Department for Work and Pensions

NERCE North-East Regional Centre of Excellence

NESTA National Endowment for Science, Technology and the Arts

NOMS National Offender Management Service

OGC Office of Government Commerce

OTS Office of the Third Sector

RCEs Regional Centres of Excellence

SETF Social Exclusion Task Force

Office of the Third Sector
Cabinet Office
35 Great Smith Street
London SW1P 3BQ

Email: ots.publicenquiries@cabinet-office.x.gsi.gov.uk

Website: www.cabinetoffice.gov.uk/thirdsector

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