

The Government needs a voluntary and community sector that is strong, independent and has the capacity, where it wishes, to be a partner in delivering world-class public services. To help achieve this, the Government will increase funding to build capacity in the sector and increase community participation. It will work to get the funding relationship right. Fully implementing the Compact and its Codes will be a key step towards more effective partnership. In addition, the Government will set up an investment fund worth £125 million over three years to help voluntary and community organisations in their public service work.

30.1 The purpose of this cross-cutting review was to explore how central and local government can work more effectively with the voluntary and community sector to deliver high quality public services. It was driven by a shared desire to strengthen civil society and benefit local communities, and premised on a recognition of the added value that a healthy voluntary and community sector can bring to service delivery. That is why flagship Government policies, for example Sure Start, the Children’s Fund, the New Deal for Communities, are increasingly being designed for delivery in partnership with the sector.

THE REVIEW’S CONCLUSIONS

30.2 The Government needs a Voluntary and Community Sector that is strong, independent and has the capacity and skills, where it wishes, to be a partner in delivering world-class public services. It wants a new partnership with the sector, drawing on the sector’s strengths to challenge, complement and reinforce public services. The Voluntary and Community Sector brings a distinctive approach to service delivery, based on its specialist knowledge, experience and skills. This comes from its close relationship with service users. This distinctive approach means that the sector has an important role in the wider reform of public services.

30.3 The review involved the Voluntary and Community Sector closely from the start, with participants on each of the five working groups responsible for the detailed work. These groups covered service delivery, capacity, funding, social enterprise and the development of the Compact. There was considerable agreement on the main challenges facing the sector and how Government should respond. The key recommendations are below.

30.4 All government departments will work to engage more effectively with the Voluntary and Community Sector to ensure that the distinctive approach that the sector can bring to service delivery is integrated into their programmes to reform the public services they are responsible for delivering. The Government will maximise the added value the Voluntary and Community Sector can bring by involving them in both the planning and delivery of services.

30.5 The Home Office’s Public Service Agreement includes a specific target to “increase voluntary and community sector activity, including increasing community participation, by 5 per cent by 2006”. All government departments will adopt a strategic approach to capacity building. Tools for undertaking a ‘capacity check’ of organisations will be developed. The Government will develop a coherent strategy to build capacity and make better use of existing resources.

30.6 Many service providers complain that the price government pays for a service does not reflect the full cost of delivering the service. The Government accepts that it is legitimate for

service providers to factor in the relevant element of overhead costs into their cost estimates for services delivered under contract. All government departments will reflect this recommendation in their procurement policies.

30.7 Participants in the review made clear their concern about the problem of irrecoverable value-added tax (VAT). The Review of Charities Taxation in 1999 looked carefully at this issue and concluded for reasons of principle and affordability that no changes should be made. In response to representations during the review the Government has looked at the issue afresh to determine whether there is an effective way of mitigating the impact of irrecoverable VAT. The Government has decided to establish a new £125 million voluntary sector investment fund to tackle barriers to effective service delivery and modernise the sector for the future. The fund, which will run for the three years of the Spending Review will be designed and administered in close co-operation with the sector itself.

30.8 The Government will implement the Compact and its Codes in full across government. To achieve this all government departments will appoint a senior official to champion implementation of the Compact in their department. This 'champion' will establish a baseline of their department's engagement with the sector against which progress in implementation of the Compact can be clearly measured. The senior official will be personally responsible for driving through the review's recommendations.

30.9 The Government is determined that this review will make a real difference – and this means effective implementation. Implementation of the review is now, therefore, a key priority for the Active Community Unit (ACU) of the Home Office. Funding for the ACU increases from £35 million in 2002-03 to £65 million in 2005-06, an average increase in the ACU budget of nearly 20 per cent per year after inflation. Their work will be overseen by a high level group of officials from central government, local government and the voluntary and community sector. The group will be chaired by the Permanent Secretary at the Home Office and will report directly to senior ministers twice a year.

30.10 For local government, Best Value Reviews, Local Public Service Agreements and the new Comprehensive Performance Assessment all have a role to play in incentivising best practice. The high-level implementation group will be working with representatives from the Local Government Association, Audit Commission and the voluntary and community sector to ensure that this happens.