

Draft V2

## Report of the Assistant Director Partnerships to the meeting of the Executive to be held on 16 December 2008

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### Subject:

Third Sector Review

### Summary statement:

This report details the work, findings and recommendations from a review of the Third Sector.

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2006-2007  
Improving Rural Services  
Empowering Communities



INVESTOR IN PEOPLE

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## **1. Summary**

- 1.1 This report details the work, findings and draft recommendations from a review of the Third sector. The key findings and recommendations from the review are laid out in this report and a more detailed report is attached at Appendix 1.

## **2. Background**

- 2.1 In 2007, as part of its response to the 2006 Local Government white paper, the Council undertook a fundamental review of its Local Strategic Partnership (LSP) arrangements. In conducting that review, it was clearly recognised that the Third Sector made a significant contribution to partnership arrangements. However, it was beyond the scope and resources to address the specifics of this important contribution during that review to assess effectiveness and identify any areas for improvement. The LSP Review therefore recommended, as part of its final report in October 2007, that it be the subject of a further review.
- 2.2 Initial focus for the resources available was to implement the key finding of the LSP review and, therefore, the third sector review only commenced in April 2008. This was opportune as the Government, keen to support the sector, brought out another white paper called 'Unlocking our Communities' that further demonstrated the desire to gain active citizen involvement in their local communities. The white paper featured four areas:
- Improving deprived areas through regeneration and promoting work and enterprise.
  - Encouraging active citizenship and reviving civic society as well as local democracy
  - Improving local public services by involving local users and consumers
  - Strengthening local accountability
- 2.3 Clearly, a thriving Third Sector can support all of these areas and it is critical for any Local Authority in its 'Community Leadership' role to ensure that it does what ever it can to strengthen the sector's involvement and contribution.
- 2.4 In the Comprehensive Spending Review 2007, the Government also changed a number of funding regimes, such as Neighbourhood Renewal Funding. This followed hot on the heels of the end of certain European funding regimes and clearly reduced the available support for the Third Sector. It became more evident that given the complex demands upon the sector, it was necessary to ensure the resources available were being used in the most productive way for the District as a whole and that, where possible, the review should look to find ways in which effort could be prioritised, efficiencies made and any areas of duplication removed.
- 2.5 The Council's Corporate Self Assessment in January 2007 also identified the need to make the following improvements in relation to working with the Community and Voluntary Sector:
- Improving communication with the sector through better mapping of information channels.
  - Maximising funding arrangements through better publicity, support structures, better monitoring and review procedures.
  - Smarter use of non financial resources by the sector – property, ICT, volunteering, skills, etc.

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- Putting in place a more structured approach to assessing organisational capacity and performance.
  - Putting in place an effective disputes procedure
  - Developing smart mechanisms to assess the value of the local compact

### **3. Other Considerations**

- 3.1 The Government has a clear objective to improve the relationship between the public sector and the wider 'third'/non-profit sector, which includes voluntary and community organisations. It believes this relationship should improve the responsiveness of public services and redress obvious inefficiencies in the way public sector funding reaches the sector. As around 70% of interaction between the public sector and the Third Sector takes place at local level (Charity Commission, 2007 'Stand and Deliver: the Future for Charities providing Public Services'), attention has increasingly turned to the role of local government in delivering the Third Sector agenda. Hence the timeliness of this review.
- 3.2 Evidence of a thriving Third Sector and one that contributes to supporting better outcomes for localities, supported by a clear commissioning framework, will form part of the Comprehensive Area Assessment of council performance.
- 3.3 The review highlights actions required to facilitate a thriving third sector in Bradford within the parameters of the existing and potential resources available.

### **4. Summary of key findings from the Third Sector Review**

The review produced a wide range of findings from the research undertaken and these are summarised below. Where appropriate, the recommendation to address the finding is noted and can be found at section 9 of this report:

#### **4.1 Definition**

There are a range of definitions of the term Third Sector. The review found that it would be helpful to have a shared common understanding of the term across the district. This is addressed by recommendation 9.1.

#### **4.2 Role and Function**

The Third Sector in the Bradford District is diverse, vibrant and is making a significant contribution to the priorities in the Big Plan. Part of the contribution of the Sector is as a delivery agent of 'public' services; in addition the sector has an important role in identifying the needs of communities, engagement of communities (particularly hard to reach groups), campaigning, self help and capacity building support. However, further clarity is required as to what role and function is needed to support the delivery of Big Plan outcomes. These issues are addressed by recommendations 9.2 and 9.3.

#### **4.3 Relationships**

The new 'Duty to Involve' of the Council (and other statutory bodies) requires stronger relationships to be built between the Public and Third Sector organisations. Clarity is required regarding the third sectors engagement in the Bradford District Partnership (LSP) and the Council will need to monitor

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commissioned organisations to ensure they are implementing practice that ensures service user and community involvement.

Third sector involvement in the LSP has been, on the whole, good although there are some gaps and there is a need for more clarity and consistency across the Strategic Delivery Partnerships and in equality areas under the new LSP arrangements.

The Compact has not been found to have influenced the quality of relationships across the public sector sufficiently. However, other local authority areas have found that a 'second generation' Compact is viewed as a positive way to build on the existing General Compact as the basis of a stronger relationship between the Public and the Third Sectors.

These issues are addressed by recommendations 9.4, 9.5 and 9.6.

#### 4.4 **Resourcing**

In 2007-8 the Council invested £35.5 million into Third Sector Organisations. This accounts for approximately fifty percent of the Third Sector's turnover for the same year.

There is considerable variation and inconsistency in the way Third Sector organisations are funded across the Council and the tPCT.

In a number of thematic areas there is scope to be more strategic in the allocation of delivery partnership funding and this could enhance the Third Sector's ability to compete on a fairer basis.

These issues are addressed by recommendations 9.7, 9.8, 9.9 and 9.10.

#### 4.5 **General Issues**

Within the district, there is a need to improve understanding of the contribution of the third sector and how to engage with it. Improved lines of communication and required roles and functions will lead to improved relationships. The recommendations in this report are important to maintain a thriving third sector and improve its relationship with the Public sector and the LSP. Therefore an implementation plan coming out of the review will need to be overseen and monitored regularly to ensure delivery over the next 12 months.

The third sector plays an important role in developing local communities alongside other agencies, including voluntary work. There is evidence to say that the coordination of community support within the district could be improved and more effective

These issues are addressed by recommendations 9.11, 9.12 and 9.13.

### **5. Financial and Resource Implications**

- 5.1 This report makes recommendations regarding the general principles of commissioning and does not deal with specific funds or budgets. The aim of the review is to manage the changes within currently available resources. It is not

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envisaged that the implementation of the recommendations within the report will require additional resource approval by Executive. As an example; The Community Funding Unit already commissions the sector on a range of activities. The recommendations in this report will change the way it does this to improve efficiency, not increase cost.

## **6. Legal Appraisal**

The Draft Implementation Plan sets out a number of actions to deliver the recommendations set out in section 9 of this report. A number of these actions will require assistance from legal services to ensure appropriate documents are agreed to govern the relationship between the Council and the Third Sector. Officers in legal services will work with colleagues to provide the advice and support required. However, there may be some resource implications depending on the level of support required and the timescales for delivering specific actions identified in the Plan.

## **7 Other Implications**

### **7.1 Equal Rights & Health**

Equal rights and health considerations have been undertaken during the process of the review. The implications for both are laid out in the report.

### **7.2 Sustainability Implications**

The purpose of the review was to ensure that the district is and continues to be supported by a thriving third sector. Its sustainability is crucial to the delivery of the Big plan and Local Area Agreement.

### **7.3 Community safety Implications**

The third sector supports a range of community safety initiatives.

### **7.4 Human Rights Act**

There are no Human Rights Act implications

## **8 Not for publication documents**

Not applicable

## **9 Recommendations**

### **9.1 That the Council adopt the following definition of the Third Sector:**

Bradford District's Third Sector comprises of voluntary organisations and community groups (both registered charities and other organisations), social enterprises, faith based groups, mutuals & co-operatives who:

- Are independent of national, regional, and local government
- Are 'value driven'- that is they pursue economic, social or environmental objectives rather than primarily aiming to make a profit
- Reinvest any surpluses in the pursuit of their objectives

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- 9.2** That the Executive recognises the range of roles and functions fulfilled by the third sector by:
- A. Using the 9 roles and functions identified to ensure that any agreements with the sector are needs led and outcomes focused to ensure the effective delivery of the Big Plan
  - B. Analysing and determining any changes required for these roles and functions, for example targeting capacity building requirements to where the need is greatest.
- 9.3** That A minimum standard of third sector provision be agreed in relation to equalities requirements and responsive service provision.
- 9.4** That the effective engagement of the third sector in the Bradford District Partnership is improved by; developing Third Sector forums to work with each strategic delivery partnerships, supporting the Third Sector to develop an Assembly and ensuring appropriate linkages are made.
- 9.5** That the seven CLG principles of representation across all Forums are adopted and ensure that representatives are supported and have necessary skills and understanding to fulfil this wider representative role.
- 9.6** That a new 'second generation' Compact should be developed as soon as possible for approval by Executive by July 2009 and Executive then recommending it to full Council for adoption.
- 9.7** That a clear framework (including standards) for commissioning be developed that delivers value for money as well as ensuring a coordinated and consistent approach is adopted throughout the Council and, where appropriate, by partners .
- 9.8** That commissioning the third sector in the future incorporates, where achievable and appropriate, the following principles:
- A. The Eight Principles of Good Commissioning developed by the Cabinet Office and promoted by I&DeA.
  - B. A Full Cost Recovery standard for commissioning of services to include an element of indirect organisational costs in addition to full costs of the service
  - C. Three year funding agreements to be considered for services, where appropriate.
  - D. Standard Council contracts with Third Sector Organisations to have a clause to minimise the unintentional disruption of service delivery. This would enable 3 month rolling extension funding (unless notification given of the loss of funding).
  - E. Supports local Third Sector Organisations to be more competitive in their submissions to deliver services
  - F. Recognises the Third Sectors contribution to positive outcomes for the district beyond service delivery
- 9.9** That the Council develops protocols (in consultation with partners) to ensure effective monitoring and evaluation of contracts. This will also include the ability to analyse the distribution of resources according to need.

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- 9.10** That the Community Funding Unit's commission to provide VCS Infrastructure is directed according to identified needs as determined by the Stronger Communities Partnership to deliver Big Plan outcomes and Local Area Agreement targets
- 9.11** That the Council supports the sector to improve general understanding of the contribution of the third sector, how to engage with it and enable access to infrastructure support through the Bradford District Partnership communication arrangements.
- 9.12** That the Executive recognises the significant achievement made in gaining agreement to this review and its recommendations by commissioning the Review Steering Group to oversee an implementation plan and report back on the progress made in 12 months time.
- 9.13** That the coordination of Community Support is improved within the district as a key part of delivering the Stronger Communities chapter of the Big Plan and a key responsibility for the emerging Stronger Communities Partnership

## **10 Appendices**

Appendix 1- The Third Sector Review Report

## **11 Background documents**

Review of the Community Development Service – September 2005  
Minutes of Council, Executive and Corporate Improvement Committee, September 2004-November 2005  
Corporate Improvement Committee Report and Minutes, 11 March, 2008  
Corporate Assessment Report, June 2008.