



# Third Sector Strategy and Action Plan

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# Introduction

Third sector organisations have an important role to play across all the business of the Department for Education and Skills. They help provide a voice for children, young people and families, and for learners of all ages. They develop services which are innovative and engage users, especially those who may find it difficult to articulate their needs or who may be harder to reach via mainstream provision. Local community groups – in schools, colleges, universities and neighbourhoods – can make a real difference to everyday lives, helping people to help themselves and others through volunteering and mentoring.

The Department delivers its business through diverse areas in which the third sector plays a part: from childcare and parenting support, to schools, children’s residential care and adult learning. We have a particular role in improving the skills of the third sector. Along with our Non-Departmental Public Bodies (NDPBs) and the rest of central and local government, the DfES is striving to become a good partner to third sector organisations. We want to make the most of their potential. We want to help ensure that they are well positioned to deliver services. This is not about giving the sector preferential treatment or exempting them from quality assurance but it is about giving them the opportunity to innovate and contribute.

This Strategy and Action Plan focuses on the work of the Department and of local government partners and the Learning and Skills Council (LSC) who commission the vast majority of provision locally. It reflects the key themes in the HM Treasury review of the sector’s future role in social and economic regeneration.<sup>1</sup> It embraces those commitments the DfES has already made in the Office of the Third Sector’s action plans for third sector involvement in public service delivery and for social enterprise.<sup>2</sup> It suggests further actions we can take or other avenues we should explore to gain the full benefits of third sector involvement in our policy and delivery agenda.

We know there is still more to do. Our Third Sector Forum, for example, is developing ideas around some of the more complex issues – how to achieve a genuinely outcome-based approach to commissioning together with more transparent and simplified forms of contracting, and how to ensure that smaller local voluntary organisations can better make their voice heard, help to shape policy and play their part in delivery.

This Strategy and Action Plan is therefore intended to be a living document which we will refresh in the light of wider policy developments to ensure its continued fitness for purpose. Some of the actions we can start immediately; others will take a while to be fully implemented. We will keep an updated log of our actions which will be available on our website.<sup>3</sup> We will also wish to respond to

1 The future role of the third sector in social and economic regeneration: interim report. HM Treasury December 2006

2 “Partnership in Public Services, an action plan for third sector involvement” and “Social enterprise action plan, scaling new heights”, Cabinet Office 2006

3 [www.dfes.gov.uk](http://www.dfes.gov.uk)

feedback from our partners in local government, in schools, colleges and universities, as well as within the wider community and of course the sector itself.

DfES would welcome comments on our overall approach and the actions contained in the following pages. Comments should be sent to **[third.sector@dfes.gsi.gov.uk](mailto:third.sector@dfes.gsi.gov.uk)** by 30 September 2007.

# Chapter 1

## Voice and Campaigning – enabling individuals’ and groups’ voices to be heard

1. The Treasury’s thematic review of the future role of the third sector in social and economic regeneration identified voice, campaigning, advocacy and challenge as key to the third sector’s ability to play a role in shaping economic and social regeneration and contributing to civil renewal.

### DfES Vision

2. The DfES vision is for the third sector to empower children, young people, parents and learners of all ages and enable them to shape services at national and local level. We know how effective the third sector is in understanding local communities and their needs. We want its unique role in reaching out to the more vulnerable and the less articulate to be recognised and used effectively.
3. At national level, we recognise and respect the campaigning role of the third sector. We will draw on the sector’s expertise in developing policies and advising on delivery, especially where we want to reach vulnerable groups and communities.
4. At local level, we will encourage local authorities and schools to work with third sector organisations through, for example, children’s trusts and extended schools, to plan and deliver children’s services and to help deliver the Every Child Matters (ECM)<sup>4</sup> outcomes. We will encourage colleges, universities and the LSC to build local relationships with businesses from all sectors.

### Key Issues and Actions

#### **Drawing on the expertise and reach of third sector organisations to ensure that the voice of the user is listened to in the development of national policy**

5. The third sector is not a homogenous group. Different organisations have broad and diverse interests, and differing types of operations. In some policy areas such as child protection, large third sector organisations like the NSPCC have a long history of consultation and involvement with the Government; in other areas such as extended schools, DfES is keen to encourage the sector’s engagement in shaping policy and delivery. It can present a significant challenge both to the Department and to those organisations who speak on behalf of specific interest groups to get the process of engagement right. The ECM strategy<sup>5</sup> is a good example of a partnership approach which has built consensus between the key

4 The five outcomes are: be healthy; stay safe; enjoy and achieve; make a positive contribution; achieve economic well-being. <http://www.everychildmatters.gov.uk/aims/>

5 <http://www.everychildmatters.gov.uk/publications/>

statutory and third sector organisations concerned with children, young people, families and learners.

6. Ways in which the DfES draws on third sector view at national level include:
  - Formal consultation: Many third sector organisations responded to the recent consultation on the Green Paper, *Care Matters: Transforming the Lives of Children and Young People in Care*. They were well represented at consultation events, speaking on behalf of children in care, care leavers, carers, parents and other groups.
  - Using representative umbrella groups to help us access the views of smaller agencies. The HMT/DfES youth review took the views of a wide range of youth voluntary organisations, through its call for evidence, stakeholder consultation events, and discussions with groups of, and individual, third sector organisations. This significantly widened our understanding of the issues and opportunities for many young people – particularly the most marginalised – and the contribution the third sector can make in addressing these.
  - Using the third sector to understand a particular client group or issue. For example Foyer and YMCA England are working with young people to get their voice heard across a range of Government Departments.
7. The Department therefore involves the third sector in a wide range of cross-sector stakeholder groups. The involvement of third sector organisations has been critical to ensure that we have put in place procedures and legal recourse to deal appropriately with allegations of abuse and to establish child protection policies and procedures. We value their assistance in communicating the implications of the new vetting and barring scheme to organisations that work with children.
8. To strengthen our awareness of third sector concerns the DfES has set up a Third Sector Forum of key organisations involved in services for children, young people and families. The Forum is co-chaired by UnderSecretary of State Parmjit Dhanda and Claire Tickell, Chief Executive of NCH and has a time-limited remit to identify positive ways of tackling barriers to full third sector engagement. The Forum has also given us a valuable way of discussing government strategies and helped us understand their impact on the third sector.
9. We will evaluate the work of the Forum this summer and consult partners on how best to ensure that our third sector stakeholder groups effectively and efficiently meet the strategic needs of the DfES and fulfil the expectations of the third sector. We will announce the next steps in the autumn.
10. The LSC is also keen to gain deeper understanding of how its practices and procedures affect the third sector. It has recently set up a third Sector Advisory Group to its National Council, which is chaired by a third sector National Council member. The LSC is also supporting Consortia Plus, a national organisation that brings together the 50 or so sub regional learning and skills consortia to share expertise, and the LSC engages with this organisation to inform the working practice of engagement between these consortia and area and regional LSC offices.

## Key Actions:

- To evaluate our use of stakeholder groups and to consider any changes so as to ensure DfES is best able to hear the voice of the sector.
- To consider what measures and structures are needed to hear the smaller groups and the constituencies they represent at local and national levels.

## Developing the third sector's role in increasing the involvement of users in the delivery of local services

11. The DfES is committed to giving children, young people, learners and parents a greater say in the delivery of local services. As well as involving customers directly, we look to third sector organisations to represent users and reinforce their voice. DfES guidance therefore asks local authorities to involve the third sector in drawing up the Children and Young People's Plans which are at the heart of local service planning.
12. In schools, school governance arrangements and parents' organisations have long been a means of involving parents, with a particular role for local faith communities in schools with Voluntary Aided status. New approaches through schools' Trust status or Academies now provide a powerful means for the third sector to help improve the quality of schools for our children.
13. The third sector also plays an important role in helping young people themselves to shape children's services. For example, the National Youth Agency together with the Local Government Association have developed 'Hear by Right', a tried and tested standards framework for organisations across the statutory and voluntary sectors to assess and improve practice and policy on the active involvement of children and young people.
14. Many third sector organisations have already been involved in the running of the Youth Opportunity and Youth Capital Funds. For example in Sheffield the local authority commissioned the 'Children and Young People's Empowerment Project (CHILYPEP)' to deliver the funds. As the use of the funds evolves we expect that the third sector will become involved further and any future guidance on the use of the funds will reinforce the need to engage fully with the third sector in delivering the funds.
15. However, there is much more to do. Research from the National Evaluation of Children's Trust pathfinders,<sup>6</sup> undertaken by the University of East Anglia in association with the National Children's Bureau (NCB), suggests that DfES could do more to ensure third sector organisations speak as the voice for children, young people, parents and carers on children's trusts.
16. We have therefore asked one of our Third Sector Forum groups to explore how the third sector can play a stronger role in giving voice to local communities in the arena of children's services. The Group's recommendations will be presented in July.

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17. The LSC is also currently working with a range of organisations to ensure that the voice of the learner is heard within the LSC and its providers, and the third sector plays a particularly significant role in ensuring that the voice of marginalised and vulnerable learners is given a platform. The LSC website offers up to date information about LSC engagement with the sector, as well as links to area and regional LSC staff who are responsible for local level liaison.

### Key Actions:

- To ensure that new DfES policy developments provide more opportunities for third sector organisations to represent users in service delivery.
- To consider the Forum Working Group's recommendations on improving the third sector's role in promoting the voice of local communities.

### **Encouraging commissioners to engage meaningfully with the third sector at the early stages of needs analysis and planning**

18. An important first stage in the commissioning cycle – covered in Chapter 3 in more detail – is the strategic analysis of needs in a local area and the planning of local services. The Department's guidance on commissioning<sup>7</sup> highlights the value of involving the third sector in this process, both in representing local interests and in suggesting appropriate and innovative ways of meeting those interests. Local commissioners should not feel constrained from involving potential third sector providers in these discussions.
19. Practice is evolving rapidly on commissioning, including on the involvement of the third sector. In some areas, local authorities and third sector partners are working systematically to engage partners and build the capacity of the sector locally, through awareness raising and information sharing seminars and events.

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7 Joint Planning and Commissioning framework for Children, Young People and Maternity Services, DfES 2006



20. We recognise that there is a gap between aspiration and the current situation in some areas. A baseline study on engagement undertaken by NAVCA as part of the VCS Engage programme shows that whilst 80% of Children and Young People's Strategic Partnerships refer to third sector engagement in planning, there is currently little evidence of meaningful engagement in commissioning in the critical stages of deciding the type of service required or shaping proposals for service delivery.
21. This lack of understanding between commissioners and the third sector needs to be improved on both sides – whether it is a matter of poor understanding amongst commissioners about the third sector or patchy understanding among third sector organisations of the principles of strategic commissioning. The VCS Engage programme<sup>8</sup> is developing a self-evaluation tool-kit to help local authorities improve their practice in engaging third sector organisations.
22. LSC area and regional offices also have an engagement strategy for working with the third sector. Each region has a third sector lead. Engagement usually includes regular meetings between third sector learning and skills consortia and the LSC where best practice projects are agreed about the role and contribution of the third sector to the LSC as a commissioner. The East of England LSC and local third sector, for example, recently discussed how best to include the third sector in the planning and market intelligence gathering about what marginalised learners need from learning and skills providers.

## Case Study

### Developmental work in supporting vulnerable young people

The Rainer/Rathbone partnership work aims to draw together a joint offer to school clusters/children's trusts for young people (age 11-16) at risk of exclusion or those already excluded. They are developing a model to support the young people and also take into account the needs of parents and carers of those who access the provision. The work will focus on those in public care; those with complex family needs; and those at most risk of substance misuse, teenage pregnancy, and involvement in criminal activity.

Both Rainer and Rathbone are looking to get the model piloted and tested. A key element is the involvement of young people. Rainer/Rathbone are also working with Communities that Care and using their powerful, survey based audit tool for work with teenagers.



## Key Actions:

- To work closely with the VCS Engage programme to build the capacity of the third sector to engage better with local planners and for local areas to use the VCS Engage tool-kit to evaluate how effectively they engage with the third sector. To consider how best to take forward the learning from the programme.
- To contribute a robust evidence base on the benefits and processes for third sector engagement.

## What does success look like?

- Representatives of third sector organisations feel more included in national policy making and local planning of services. The user feels more confident that services are responding to their needs.

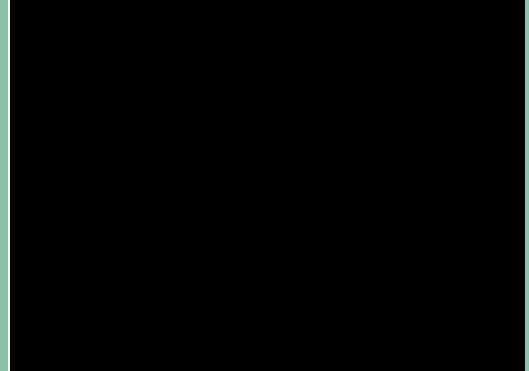
### Case Study

#### Millmead Sure Start Local Programme (SSLP), Thanet, Kent

Millmead SSLP established a community mutual society drawing in community representatives and people from health and voluntary bodies to lead the delivery of its services. Now trading as Millmead Children's Centre Partnership Ltd, the social enterprise and Kent local authority are developing new governance arrangements which are being implemented incrementally. The centre is divided into four trading wings: an out of school club; a 50-place day nursery; a community café and the centre itself. It has the freedom to generate income with profits going back into the centre. Parents pay £1 to become members. They can then vote in board elections and attend meetings.

Although Kent local authority now have overall responsibility for all programme funding, Millmead Children's Centre is still being treated as an accountable party, responsible for the delivery of its core services. The local authority has set a clear accountable framework and the standards expected of services delivered by the social enterprise.

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# Chapter 2

## Strengthening Communities

23. The Government is looking to build strong, active and cohesive communities and recognises the key contribution that third sector organisations can make, particularly local community groups.

### **DfES Vision for stronger communities**

24. The DfES wants to see the skills and experience of individuals and community groups drive positive social change and enhance community cohesion. We want to promote social capital through mentoring and volunteering, especially in engaging with the hard to reach and drawing them back into the mainstream. Communities will be strengthened by local services ranging from children's centres and playgroups to arts and sports groups for young people.
25. Communities may be around a physical environment such as a children's centre, a school, an extended school or a youth group, or they may be based on interests, activities or experiences. Other communities represent groups of people identified by their sexuality, faith or disability. Third sector organisations themselves are frequently communities of interest which can act as hubs and contribute directly to building social capital. For all types of group, volunteers of all ages are often the life blood.

## Key Issues and Actions

### **Promoting community development and community cohesion through engaging with local community based groups**

26. Developments such as children's centres, extended schools and positive activities for young people increasingly offer an important community resource and can act as the hubs for wider community activities. The Department is encouraging all schools to develop an extended schools "core offer" by 2010 including community access. Schools will consult their communities on what the core offer should look like locally, and work with community organisations as well as other children's services to provide it.
27. We are also taking steps to encourage closer working between schools and communities. A number of Trust School pathfinders are working with local community organisations and businesses as well as with colleges of Further and Higher Education provision to ground the school's ethos in the needs of the local community and enable it to draw on the resources and expertise of the partnership.
28. New DfES legislation will mean that from September 2007 all schools will have a duty to promote community cohesion. The Trusts of Trust Schools must also promote community cohesion in carrying out their functions in relation to the school. New regulations, which

came into force at the end of May 2007, make clear the importance of schools and local community organisations working together. A new Academy sponsorship model offers improved community involvement through allowing parent groups to set up an endowment scheme to help fund the Academy.

29. There is clear evidence that collaborative working between schools and the community can produce wide-reaching benefits. London Challenge is a tried and tested partnership between DfES, local community organisations, and businesses who want to help London schools improve and to help young people leave school better qualified. Individualised support has helped 70 of the most disadvantaged schools reform their secondary provision, greatly improve results and offer better opportunities for young people over 16. The City Challenge model is now being expanded to two new city areas in Manchester and the Black Country.
30. Within the curriculum, studying and following through on the subject of citizenship should help break down barriers. Citizenship is proving to be a successful and popular course subject and with the Qualification and Curriculum Authority (QCA) the DfES is therefore developing a full course GCSE to be available by 2009 and an A level to be available by 2008. The QCA is also working up a module for active citizenship, primarily aimed at post-16 learners, in line with wider reforms of 14-19 and post-19 qualifications.
31. But we also know that some students, particularly young black boys, are in danger of feeling isolated at school and under-achieving academically. DfES has given pump-priming to the National Resource Centre for Supplementary Schools as a way of building the capacity of these community funded schools. We are working with Communities and Local Government and the Home Office to engage parents and communities in addressing race equality issues in schools and other services for young people.
32. Youth work can make a powerful contribution to building social capital and community cohesion by developing young people's understanding of other communities and cultures. For example, the Department is currently funding the Muslim Youthwork foundation, a third sector organisation, as one model for ensuring that young Muslims can access good quality youth work and to influence its nature so that provision reflects their cultural identity.
33. We believe that giving young people the opportunity to make decisions on what happens in their own locality is a powerful way of engaging them in the community. The Youth Opportunity and Capital funds must be spent in accordance with the decisions of young people to provide positive activities in their local area and are making sure that young people get a real say in what is provided for them.
34. In addition to schools based activities, many colleges are seen as the heart of their community and work closely with third sector organisations both individually and in consortia in developing and delivering this role.

### Key Actions:

- To evaluate colleges' work with third sector organisations in developing community development and cohesion.
- To work with the QCA to extend the programme of study on citizenship.

- To work with other government departments and third sector organisations to improve intercommunal-activity and raise the academic achievement and involvement of those young people who currently feel excluded.

### **Using the expertise and reach of third sector organisations to draw disengaged young people and families more into the mainstream and encourage them to participate in decision making**

35. Evaluation work on previous social exclusion strategies shows the added value of third sector involvement.<sup>9</sup> The sector plays a key role in encouraging adults back into mainstream society through education and training or re-training – often as a stepping stone to employment. As Lord Leitch commented in his recent report on skills,<sup>10</sup> the demographic challenge of the next decade will present one of the biggest challenges we have to face in ensuring that adults with low, or no skills gain the skills which our economy and industry need in order to compete in a world-wide economy.
36. The LSC has been providing resources to the third sector in disadvantaged communities for a number of years through Personal and Community Development Learning (PCDL) to ensure that learners from these communities are drawn into learning. We know that the third sector will be key to helping us to engage with the lowest skilled to deliver the challenges set out in Lord Leitch's Review of Skills.
37. The LSC has also worked closely with the third sector in delivering activities which engage young people not in education, employment or training (NEET) both through Entry to Employment, work-based learning and innovative programmes funded through LSC and European Social Fund.
38. One of the keys to preventing social exclusion in adult life is to engage young people positively in their communities. Third sector organisations have a crucial role to play and DfES and the Treasury have been consulting the sector on a new vision for young people and their communities backed up by investment in high-quality and engaging activities for young people and targeted support to reach out to disaffected young people. HMT's recently published consultation document on unclaimed assets<sup>11</sup> argues that available assets in England should focus on the needs of young people and on encouraging them to engage in their local communities. The Government will say more about this in its Ten Year Youth Strategy later this summer.
39. There are especial challenges with some groups of young people and families who feel disengaged because of experiences they have suffered or have witnessed. Local Safeguarding Children Boards have a responsibility to put arrangements in place to involve local organisations in their work to safeguard children without falling back into a culture of over-protection. Partners will include relevant voluntary organisations in the local community, such as domestic violence forums, local sports bodies and services, health providers, sexual health services and witness support services.

9 "The price of exclusion", an evaluation by the European Social Fund, 2006

10 Prosperity for all in the Global Economy: World Class Skills, 2006

11 Unclaimed assets distribution mechanism: a consultation, May 2007

40. DfES has been able to make progress on specific child protection issues through working with voluntary sector organisations representing different communities. These are often highly specialised and sensitive issues, linked to different cultural bases, such as child protection in madrassahs, child abuse or neglect linked to spirit possession, or forced marriages.
41. Arrangements and duties for safeguarding children apply equally across all sectors. For example, under the new vetting and barring scheme third sector providers will have the same duties and responsibilities as all other employers, and will also receive the improved vetting service which will be offered as part of the scheme. In this way, we will create a level playing field, as parents choosing services for their children will know that third sector organisations apply the same high safeguarding standards as the statutory sector.

### Key Actions:

- To ensure that the Government's Ten Year Youth Strategy takes advantage of the expertise of the third sector to give young people and adults the best chance in life, and re-engage those who currently feel excluded.
- To set out in our Safeguarding Strategy how the third sector can be involved in safeguarding children and young people and support communities to keep their children safer.

### Increasing the number of volunteers and giving greater recognition to the value of volunteering

42. Volunteering has two-way benefits: it contributes to the direct delivery of public services as well as developing the skills of an individual, particularly those who are less well skilled or qualified. The Department is keen to support an increase in volunteering, and to ensure that the value of volunteering is better recognised in our qualifications frameworks.
43. The 2012 Olympics offer a unique opportunity to increase the number of volunteers, and improve their skills. Where possible we will work to accredit their achievements through formal qualifications. The LSC is developing a Pre Volunteer Programme (PVP) which is initially being piloted across 11 London Boroughs with a view to nationwide roll out. The programme aims to encourage the most socially excluded individuals to gain new skills, engage in their communities and move a step closer to entering the job market. Based on the evaluation of the programme for the Commonwealth Games in Manchester, around 10% of those going through the programme will become Games volunteers.
44. The new Qualifications and Credit Framework (QCF) which is currently being developed will recognise the achievement of individual units as well as whole qualifications. This should enable the core skills that can be developed through volunteering to be formally recognised. Common Personal and Social Development qualifications have been developed and accredited and are currently being trialled. We will also ensure that peer mentoring activity in schools can be formally accredited and that the soft skills developed through local youth activities are recognised, as recommended by the Russell Commission.<sup>12</sup>

<sup>12</sup> <http://archive.cabinetoffice.gov.uk/russellcommission/report/index.html> 2005

## Case Study

### Local community based groups often take the initiative to change their neighbourhood

- Community Foster Care is a social enterprise helping to diversify the market in social care – where there is an estimated shortfall of over 10,000 foster carers across the UK. CFC is an independent agency that fills a gap in the market for foster carers, providing foster carers for looked after children placed by local authorities. CFC has provided employment for many local people particularly in the socially and economically deprived areas of Gloucestershire. They recruit foster carers, provide them with ongoing training and support to ensure they meet the high standards required legislation.

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45. DfES will continue to raise the profile of volunteering in educational establishments<sup>13</sup> through activities such as active citizenship including the Active Citizens in Schools Programme, peer mentoring, proposed Further Education Sport Co-ordinators and the funding support provided in Higher Education for volunteering opportunities.
46. DfES introduced legislation last year to ensure local authorities make available to young people adequate provision for volunteering. This will require children's trust arrangements to work closely with **v**,<sup>14</sup> its agents and local providers of volunteering opportunities to ensure young people have access to a coherent offer of opportunities.
47. DfES itself, as a large government department, recognises and supports volunteering by its own staff. According to our latest figures, 15% of staff spend time volunteering in committed roles such as school governors and mentors or leaders of activities for young people. Others spend time on projects such as decorating schools or nurseries. DfES is keen to encourage staff to get more involved with such community and social projects and is developing a wider volunteering strategy.

### Key Actions:

- To roll out the Pre-Volunteer Programme nationwide.
- To raise the profile of volunteering in schools and colleges, including through trialling the new volunteering qualifications from May 2007.
- To provide guidance and advice to local authorities on how to provide opportunities for youth volunteering.
- To develop a wider DfES volunteering strategy.

13 FE Reform White Paper, March 2006, states "volunteering activities can enrich the learning experience in FE and promote active citizenship"

14 the new national volunteering body



## Building social capital in the community

48. DfES supports many varied models of mentoring, with the aim of raising the confidence and esteem of young people which, in turn, will help them to fulfil their academic and social potential.
49. The Aimhigher Programme is a national programme predominantly aiming to address the under-representation in Higher Education of people from lower income/social class backgrounds. Aimhigher plays a significant role through its mentoring projects to help raise the aspirations and achievement levels of young people.
50. Peer mentoring is a particularly effective way of engaging young people to promote an active interest in themselves and their local communities. In particular we will continue our activity based upon the work being delivered through sector lead body the Mentoring & Befriending Foundation (MBF).
  - The National Peer Mentoring Programme which involves establishing a supporting infrastructure, spreading practice in both pre- and post-16 education, raising standards and developing resources.
  - The 2 year trial of Formalised Peer Mentoring Pilot – a £1.5m peer pilot which will establish and evaluate formal peer mentoring schemes in 180 schools engaging 3,600 pupils in matched mentoring pairs.

## Case Study

### Mentoring

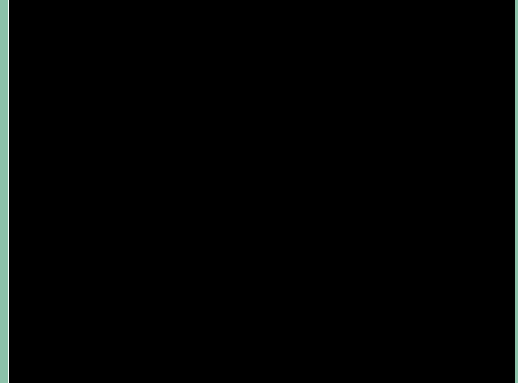
#### **Aimhigher Milton Keynes, Oxfordshire and Buckinghamshire: Disability Mentoring Programme**

This project targeted a small number of disabled students from local schools, the majority of whom subsequently went on to Higher Education (HE). It involved a bespoke programme that helped to overcome identified barriers to students progressing to HE, including a lack of accurate and timely information about HE; lack of study and independent living skills; poor availability of personal assistance; personal isolation; unfamiliarity with different teaching and learning styles; and physical and organisational barriers.

The programme aimed to increase the participation rate of students with disabilities by:

- Raising aspirations, challenging assumptions and encouraging confidence.
- Assisting potential students to identify their own adjustment and support needs, and to identify support network contacts.
- Providing information and guidance about higher education opportunities.
- Actively supporting the decision-making and application process, including addressing the advantages and disadvantages of disclosure of disability when applying to higher education.

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51. In order to support improved outcomes for children in care DfES has commissioned Rainer to pilot a £1.5 million project to provide mentoring support for around 600 looked after children aged between 10 and 15. The scheme will focus on developing the self-esteem and self-confidence of children in care and improving their participation in community activities.
52. The Department will also continue to support the Youth Justice Board/Connexions Keeping Young People Engaged project. The aim is to encourage young offenders to return to education, training or employment and is specifically targeted at more persistent or serious young offenders who have been placed on an Intensive Supervision and Surveillance Programme. The project involves using mentors recruited from the voluntary sector to support young people in getting back into employment, training or education.
53. The Department wants to explore what further we might do to support the creation of social capital, beyond these initiatives. One of the Third Sector Forum groups is advising on the visibility of small to medium size organisations, such as the value they add to social cohesion and civic engagement, their role in public sector delivery and in finding out what works in promoting innovation and developing promising approaches within the third sector at local level. We will review their report in the autumn.

### Key Action:

- To pilot and further develop a number of different models of mentoring programmes designed to help young people at risk and to support peer-to-peer work in schools.

### What does success look like?

- Increased use of the expertise and reach of the third sector organisations to draw people back into the mainstream.
- Increased take-up, recognition and accreditation of volunteering for young people and adults.

### Case Study

#### Trust School Pathfinders in the South West region

**A community school in the South West of England**, with a large proportion of pupils from armed forces families is exploring Trust status and hopes to work with Dyslexia Action to bring its pupils and the local community more opportunities through partnership working. The school would like to expand its work of supporting families with pre-school and school aged children: educationally, socially and emotionally. It sees Dyslexia Action as an ideal partner who also puts a high priority on providing educational, personal and developmental support to children. Both parties consider this a natural potential partnership because both are “committed to supporting children through education towards a bright future”. The school would also like to develop creative approaches to work with older children and young people in the community to help it combat many of the socially unacceptable pressures they face. Additionally the school wishes to facilitate and strengthen whole community cohesion.

# Chapter 3

## Transforming Public Services

54. The third sector has historically played an important role in providing services, focusing on the needs of the user. A series of government reports have acknowledged the particular contribution of the third sector, including flexible and innovative approaches and the trust and confidence third sector organisations often enjoy with particular groups.

## DfES Vision for transforming public services

55. All our services should be imbued with a strong sense of responsiveness to children and young people's needs. The third sector should be increasingly engaged in ensuring that this is the case across the range of DfES business. We want to send a clear message to non-statutory providers that we value the services they offer and that we will aim to ensure they can contribute fully to public service delivery. New policy directions, such as in parenting support, support for disabled children, and continuing growth in early years and child care provision will offer new possibilities.
56. Central government needs to create the regulatory and funding framework that supports a diversity of provision. At local level, it is for commissioning bodies to champion the needs of their users and communities, to plan a diverse pattern of service provision based on this needs analysis and to work with local providers to ensure quality services.

## Key Issues and Actions

### Shaping markets to enable the specific contribution of third sector and other providers

57. DfES operates through numerous markets, which have quite different characteristics. For example, students who enter higher education do so voluntarily and are expected to pay towards the service; this contrasts with the market in provision for children excluded from compulsory education, where the state has a duty to provide for them. A summary analysis of these markets is shown opposite.

<b>Market</b>	<b>Purchaser mix</b>	<b>Provider mix</b>
Parenting Support	Predominantly private funding with increasing focus on state funding at strategic level	Predominantly private and third sector
Childcare	Predominantly private purchase subsidised with demand side funding by the state	Predominantly private and third sector with some LA
Children's Centres	Predominantly local authority	Mostly local authority, with some third sector involvement
Disabled Children's Services	Predominantly state funded, either Education, social care or Health	All types of provider well represented
Schools	Predominantly state funded	Predominantly state
Alternative education provision to schools	State funded	Predominantly state with large numbers of niche third sector providers
Extended schools services	Predominantly state funded	As yet unquantified
Residential care schools	Predominantly state funded, with some charitable funding	Predominantly third sector
Looked After Children Placements – Residential	State funded	Predominantly private and third sector
Looked After Children Placements – Fostering	State funded	Predominantly local authorities with some private and third sector provision
Adoption	State funded	Predominantly local authority with small voluntary sector presence
Youth Services	Predominantly state funded	Mainly third sector in smaller and community based provision but there is a mix
FE	Predominantly state funded	Historically predominantly state in colleges, but now widening to a whole range of other providers including third sector organisations
HE	Predominantly state funded	Predominantly third sector
Adult education	Predominantly state funded	Predominantly local authority providers, often sub contracted with third sector

58. Perhaps the single most common characteristic is that a large number of these markets are not fully developed, even if they have been contestable<sup>15</sup> for many years. At local level some markets have grown on an ad hoc basis, strong in some parts of the country and in some areas of provision but more fragmented in others. This can lead to local gaps or excesses of supply. Changes in local authorities' strategies, without good communications with providers, can lead to market insecurity and reluctance to diversify. At the same time, many local authorities may need to build the capacity of the third sector or private sector in specific areas or wards to ensure universal provision.
59. DfES is therefore looking at services on an individual, market by market basis to build on what has worked and learn from improvements. Recent research<sup>16</sup> has informed recent actions we have taken to support diversity and further actions we are considering.
60. We will also need to take into account the way that third sector providers often operate across a number of services, rather than in a single delivery line. We will consider how best to encourage local authorities to utilise and manage this expertise to the best possible effect, to bring cost and other benefits to both commissioners and service users.
61. Last year we made two major legislative changes on the Childcare and the Positive Activities for Young People markets. The Childcare Act 2006 and the Education and Inspection Act 2006 both placed a new duty on local authorities to secure sufficient provision to meet the needs of their local community but required authorities to look at other options for meeting those needs before providing new services themselves. We will monitor the impact of the legislation, which is designed to ensure that third sector and private providers can continue to play an active role in these markets.
62. Looking ahead, we will be carrying out further research this year to help address perceived difficulties in the way the market for domestic adoption operates. We are also working closely with the Council for Voluntary Adoption Agencies to see how we can better provide good families for young vulnerable children who are seeking adoption.
63. Following the publication in May 2007 of the HMT/DfES Aiming High report on disabled<sup>17</sup> children we are looking at the potential of the market in services for disabled children. This will include the development of individual budgets, similar to those being piloted in adult services. We will shortly publish research on this market and its state of readiness for this type of step. We want to ensure that any such pilot, which may mean a fundamentally change in how these services are purchased, is delivered in a way that does not create undue turbulence in supply.
64. Schools also benefit from increased contestability and greater involvement of the third sector. As noted in previous chapters, Trust Schools and Voluntary Aided schools offer vehicles for third sector organisations to become involved in the delivery of education. Whenever a new school is needed as a result of new demand or reorganisation local authorities now need to hold a competition to determine the governance and nature of the new school. We have made a determined effort to reduce barriers for new providers by offering them consultancy support to develop their proposals. We are also acting to increase the diversity of sponsorship of Academies.

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15 A contestable market is one where the economic barriers to entry and exit are low

16 PwC reports 2006 and others

17 Aiming high for disabled children: better support for families HMT/DfES 2007

65. The Department is now considering whether we need to develop the market in Alternative Provision – education outside mainstream schools for pupils who have been excluded, or who are at risk of exclusion. Much of this provision is delivered by local authorities in pupil referral units, by Further Education colleges, and by about 1,300 independent providers. Most of the latter group are small, specialised locally based providers, many of whom are in the third sector. We believe there would be benefits in opening up this market by improving transparency and making it easier for schools and local authorities to identify, source and commission effective Alternative Provision. To achieve this we will work to develop the commissioners' skills.

### Key Actions:

- To work in collaboration with commissioners and providers to identify what government action would be helpful to the operation of different markets.
- To increase the involvement of the third sector in sponsoring Academies and Trust schools.

### **Ensuring commissioners are skilled in commissioning, with an awareness of the potential challenges for third sector**

66. Effective commissioning is fundamental to the good use of public resources to improve outcomes for children and young people. This is a rapidly growing area where there is more to be done to share good practice and improve commissioning skills, particularly as regards the position of the third sector as potential providers. As commissioning spreads to lead professionals, schools and other organisations, DfES is keen to support commissioners' skills and to ensure that new arrangements put third sector organisations on a level playing field in the commissioning process.
67. The process of commissioning is not just about procurement, but about needs assessment, service design, procurement, monitoring and review. The commissioning principles in the joint DfES/DH planning and commissioning framework, and now reflected in the OTS Action Plan<sup>18</sup> have been welcomed as a useful tool for understanding this whole commissioning cycle. We will refresh the framework shortly to take account of feedback and ensure it is consistent with the commissioning approach taken across the rest of Government.
68. We have a number of actions in hand to raise the status of commissioning and to improve commissioning skills. In particular:
- With Skills for Care and the Children's Workforce Development Council, we are developing National Occupational Standards in commissioning so that commissioning is underpinned by a common set of skills and a common understanding of effective practice. The Units are expected to reach from entry level qualifications to degree level. The Framework is expected to be finalised by the end of 2007.
  - We are working with OTS and other Government Departments on delivering training through which 2,000 key commissioners from all areas of public service delivery will learn to commission more effectively from the third sector.

18 Partnership in public services: an action plan for third sector involvement  
[www.cabinetoffice.gov.uk/third\\_sector/documents/public\\_service\\_delivery/psd\\_action\\_plan.pdf](http://www.cabinetoffice.gov.uk/third_sector/documents/public_service_delivery/psd_action_plan.pdf)

69. We are supporting the VCS Engage Programme to establish a programme to support local authorities in auditing and improving the effectiveness of their third sector engagement; providing training for local authority staff in the engagement of the sector; promoting models of effective engagement through a national awards scheme; and targeting support for those areas where engagement is weakest
70. The DfES Commercial Directorate is working with local authorities to share effective practice across authorities on the commissioning of services for children, young people and families, through a mix of direct advice, information sharing and showcasing effective local practices. The *Every Child Matters* website<sup>19</sup> showcases new strategies and commissioning models and a number of the case studies illustrate successful engagement with the third sector. This and other research will establish a stronger evidence base to demonstrate how third sector organisations contribute to ECM outcomes.
71. The LSC is working with the Quality Improvement Agency (QIA) to support third sector organisations to understand and make best use of commissioning processes so they can engage with them effectively. The LSC is also creating a staff development programme to ensure their staff have an awareness and understanding of the role and function of the third sector today.

### Key Action:

- To improve training and accreditation for commissioners by working on projects with the OTS, Skills for Care and CWDC and the VCS Engage Programme.

### **Ensuring that developments in commissioning arrangements such as regional commissioning pilots and the LSC's new commissioning process, will maximise the potential of third sector organisations**

72. Local authorities have systematically begun to change the structures in which commissioning occurs, operating with health partners and others in children's trusts. We will continue to work closely with the Department of Health in the follow up to their recent consultation on Commissioning Guidance for Wellbeing. We are also working with CLG as thinking develops on strategic commissioning and the place shaping role of local government.
73. The Department is supporting the piloting of regional commissioning arrangements for placements for children in care. We intend these to stimulate a more diverse provider base of organisations of different sizes. They will provide an access point for local authorities to find all types of provision, whilst also allowing providers to compete for new contracts with new partners. They will operate from September 2007 and be evaluated through to autumn 2008 on, amongst other things, their ability to:
  - Ensure commissioners have equal access to all providers of all sizes (public, private and third sector).
  - Give providers access to aggregated regional data, putting them in a better position to understand aggregate demand and to increase suitable well-located supply as appropriate.

19 [www.everychildmatters.gov.uk/strategy/planningandcommissioning/localcommissioning/](http://www.everychildmatters.gov.uk/strategy/planningandcommissioning/localcommissioning/)

- Increase market transparency for strategic commissioners, social workers and providers through a “matching engine”.
- Transmit knowledge and effective practice across organisational boundaries and develop transferable provider accreditation systems.

74. The Department will monitor the pilots to see whether similar structures could be developed in other children’s services markets. We are also reviewing whether national or regional commissioning could offer benefits for home-to-school transport or school food contracts.

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75. The third sector’s track record of innovation and performance in all areas of service design and delivery places them at the forefront of the agenda for public service reform. We will continue to encourage all our commissioners to make the best use of the sector when intelligently commissioning services. We will work collaboratively with the OTS as they develop their Innovation Exchange to learn ways by which we could bring together innovators and funders, to help guide our approach in the future.
76. The LSC has developed regional road shows to engage providers and potential providers in the run-up to the bids for the 2008 procurement round. During the summer of 2007 the LSC will undertake a comprehensive review of this exercise in order to:
- Give unsuccessful bidders useful feedback for subsequent applications
  - Identify the shape of the LSC’s market as a whole, and the third sector’s place within it. This will enable the LSC to consider where there are gaps and how best to work with the third sector as potential providers to fill these gaps.



## Key Actions:

- Review whether regional commissioning models could be replicated effectively in other markets, ensuring that these promote diversity.
- Monitor the impact of legislation on the childcare market and the market in positive activities for young people.
- The LSC will identify the shape of its market and consider the role of the third sector within it and the best mechanisms for engagement.
- Work with the OTS and others so that DfES best uses the innovation which the third sector can bring to our policies and delivery.

## What does success look like?

- Increasing numbers of effective commissioners and an increase in the number of accredited providers.
- DfES and local commissioners encourage and engage with innovative ideas in designing policy and delivering services.

## Case Study

### Schoolfriend etc

Schoolfriend etc (education, training and childcare) is a rapidly expanding provider of extended services in schools. The scheme developed from Schoolfriend, a web-based tool designed to improve children's literacy and numeracy. In 2002, in discussion with a headteacher, the co-founders, Amanda and Stephen Argent, realised the school's facilities were under-used, from which Schoolfriend etc was born. Its first club opened in Northamptonshire in 2003. By the following year, it had expanded to provide 20 schools with similar clubs.

The requirement for schools to develop extended services has helped Schoolfriend to grow and develop a national infrastructure, staffed by over 1000 full and part-time workers. "We were in a good position to fulfil the agenda – we knew what it involved and its pitfalls," said Amanda. National, regional and local level managers have been appointed and a staff training programme developed.

Schoolfriend etc is the largest charitable provider of childcare in England. It provides 500 schools across the country – and some 125,000 children – with clubs offering art, drama, music and other activities. It is growing rapidly and the number of schools it serves is expected to double to 1000 schools in 2007.



# Chapter 4

## Social Enterprises

77. The most recent data<sup>20</sup> on social enterprise<sup>21</sup> suggests that there are 55,000 social enterprises, representing about 5% of all businesses with employees. Earlier research suggested that some 22%<sup>22</sup> have an educational base or a link with social care for young people. In just about every part of the DfES activities there are examples of social enterprises running successful businesses, from childcare to positive activities for young people to adult learning.

## DfES Vision for social enterprises

78. DfES wants to see social enterprises thriving and prospering, and increasingly able to deliver the DfES agenda. We want them to increase trading in the market and become more financially independent with the opportunities to use and develop their innovative skills.
79. We want to see more young people aware of the values and characteristics of social enterprise through their studies and by having the chance to experiment themselves. We hope to see an increase in the numbers of education leavers who are aware of – and considering careers in – social enterprise thereby setting the foundations for a future society which is dynamic and socially just.

## Key Issues and Actions

### **Increasing small or new start-up social enterprises who are delivering services in under-developed markets**

80. In the previous chapter, a number of markets were identified as underdeveloped or as operating below their full potential. We are working through our departmental policies and strategies, looking to see how best we can use funds allocated under our new CSR settlement to build a more strategic base from which to grow social enterprises to develop these markets and to give them the support and opportunities they need to succeed.
81. One particular area that we are keen to develop is the package of reform and support in the recently published Children in Care White Paper. This includes a model of social care practices comprising small autonomous groups of social workers operating as social enterprises, charities, community groups or private providers which would be commissioned by, but independent of, local authorities, operating in a similar way to a GP practice.

20 Government's Annual Small Business Survey 2005

21 A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners

22 Small Business Service's mapping exercise in 2005

## Key Action:

- To work with the OTS and Social Enterprise Coalition to identify and promote suitable start up opportunities for new social enterprises.

## Developing the skills of social entrepreneurs through education and training

82. DfES has been working to encourage schools to build enterprise into their activities for over 4 years. Our concept of enterprise embraces future employees, not just future entrepreneurs, and also social enterprise. Enterprise is now referred to explicitly in the guidance for Ofsted inspection, and for school self-evaluation; and is a key part of, and outcome from, statutory work-related learning. QCA found that it is now written into most School Development Plans.
83. Every year from September 2005 we have allocated £60 million to schools with KS4 pupils for a new focus on enterprise education and we will work to develop this scheme over the coming years. However, a recent survey showed that only 1 in 4 young people could identify what a social enterprise is and we recognise that we need to improve this. We want to raise awareness, so that more young people see social entrepreneurship as a career choice they might aspire to.
84. We now intend to work with the QCA, OTS and Social Enterprise Coalition to strengthen guidance material on social enterprise, and to make it readily available on teachernet. In this way, teachers will be able to use the material for a variety of lessons covering both core and non-core subjects, so that it features more prominently, and ensures that good examples of how schools have used social enterprise are widely promoted.
85. Social Enterprise will become part of the secondary curriculum framework from 2008. It will feature under the main heading of economic well-being, and we see this development as a major step towards promoting the concept among young people that social entrepreneurship and working for a social enterprise is a valued economic model.
86. The new citizenship GCSE, mentioned in para 31, is designed to provide opportunities to learn about social enterprise and social responsibility. Through investigation of communities and how society works, students will be able to explore the value added of social enterprises and social responsibility in an economic environment.
87. DfES and OTS are working with the QCA on two other major areas of educational study: business studies GCSE and the new diplomas. Following consultation with the subject community, QCA has gone to consultation on the criteria for Business Studies and has included social enterprise as required content in the criteria. And there is also the scope to develop social enterprise business models into 14-19 Diplomas to start from September 2008.
88. The LSC is to work with the FE sector to identify good practice and further potential for further education, especially through colleges, to play a significant role in developing social enterprise.
89. Social enterprise is becoming an important aspect of university thinking and planning. By developing projects within the "safer" university environment, students are able to build their skills in leadership, teamwork and communications, as well as developing their awareness

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of social justice. We are therefore starting collaborative work with the National Council for Graduate Entrepreneurship, the DTI and OTS to explore new ways to provide and promote social enterprise learning and potential new start-ups within the tertiary education framework. From this work we will also try to gauge the level of student demand for information and guidance on social enterprise, map out the ways available to improve HEIs' ability to provide good services on social enterprise and consider how we might trial these developments.

## Case Study

When Year 9 students at Fyndoune Community College, County Durham, discovered that their counterparts in Ghana, West Africa, had to walk miles to fetch filthy water before going to class, they decided to take action. What began as a desire to make a difference saw the pupils creating their very own social enterprise.

*Selling water for water* was the simple but effective idea of *Water Works*. They did a deal with Abbey Well to buy water for 30p a bottle, and negotiated a loan from the school (now repaid) to buy their stock, selling it for 50p a bottle. Water Works has to date made a profit of £2,500 and linked up with a school in Ghana, Adum Bansa Primary, which will soon have its very own borehole.

"Seeing them picking up a phone and talking to big businesses, working to tight deadlines and learning communication skills has been impressive," says teacher Lynda Dixon. "The difference between social enterprise and conventional business is the passion. It's not just a case of making money for its own sake but for achieving something more tangible."

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## Case Study

*"Make Your Mark – start talking ideas"* is led by Enterprise Insight, a coalition founded by the UK's main business organisations in partnership with leading enterprise development organisations. It has strong support from Government and is funded by the DTI. The aim of the campaign is to encourage young people (aged 14 – 30) to be enterprising in the broadest sense, to make their ideas real. This is through business start-ups, social enterprise and enterprising behaviour as employees.

Within the overall campaign, the *Make Your Mark: Change Lives* campaign works in partnership with the sector and encourages young people to get involved in social enterprise. The campaign includes the promotion of the inspirational "Trailblazers" magazine and DVD which showcase the diversity of social enterprises and the part played by young people.

## Key Actions

- To work with OTS, Social Enterprise Coalition and QCA to develop suitable material for inclusion in the study subjects, in preparation for the start of teaching in September 2008.
- To work with DTI, OTS and the National Council for Graduate Entrepreneurship to explore how best to develop and promote social enterprise at higher education level.

## What does success look like?

90. There is an increase in the number of new social enterprises in areas of DfES policies, as more young people become aware of the potential of social enterprise and develop the business understanding to ensure they succeed and thrive.

# Chapter 5

## Supporting the environment for a healthy third sector

91. We have emphasised how much we value the third sector's input to our thinking and planning as well as delivering our agenda. We have stated our intention to open markets up to greater contestability with a diversity of providers delivering services in new and innovative ways. We have set out our commitment to develop young entrepreneurs and social enterprise as a career option. Alongside this we must ensure that we have created an environment whereby the sector is fully able to play out these contributions.

## DfES vision for a healthy third sector

92. DfES is determined to raise the quality of services provided, as well as ensuring that services are efficient and effective. We see the third sector as a major driver to achieve these goals and deliver change. We will therefore work to promote and support them in getting established and in growing and achieving their aims. The Department and its Non-Departmental Public Bodies (NDPBs) will work in line with the Compact agreement between the Government and the voluntary sector.

## Key Issues and Actions

### Reflecting the Compact principles

93. The DfES Business Plan for 2007-08 notes that the Department is readying itself for assessment against Compact practices. The Department's funding letters to our NDPBs will set out similar expectations. We recognise the findings of the Compact Advocacy Office that the Department and the Learning and Skills Council need to make more progress. We and LSC have been working together to ensure we observe and reflect the Compact principles in our consultations, commissioning and contracting of services. We are therefore working alongside the OTS and the Compact Commissioner to trial a Compact "tool" which will help us assess our progress.
94. An important strand of Compact working will be to promote the 4 Gershon principles,<sup>23</sup> in particular full cost recovery. We support the principle of charging at full cost for services provided and are clear that contracts should not be awarded on price alone but on the quality of the service and value for money. This in no way impinges on the principles of objectivity that must be used in selecting the supplier in a contestable market. Commissioning bodies will rightly compare options to suit their budgets and make best use of the public monies.

23 The 4 Gershon principles are: stability in the funding relationship (moving to longer term funding where appropriate); timing of payments and balance of risk; full cost recovery; reducing the burden of bureaucracy

95. One of our Third Sector Forum working groups is looking at costing, pricing and commissioning/contracting practice. This will include reviewing the difference between full cost recovery<sup>24</sup> and "loss leader" arrangements to break into new markets or pilot untested service models; pricing and contract models which fund research and development; and market management as well as infrastructure costs. DfES will consider how best to work with the recommendations which will follow in July.
96. We have reflected and promoted HMT/NAO's Guidance to Third Sector Funders and the "Decision Support Tool"<sup>25</sup> in the Department's own financial processes and in our guidance to our NDPBs. We are raising awareness of these changes across the Department to ensure that all staff are able to engage with the third sector in a Compact compliant way. We will take positive steps to ensure that we do not inadvertently restrict our markets by introducing unnecessary or disproportionate thresholds to new providers or excluding small and medium sized organisations. We will encourage proportionate monitoring and inspection and the development of a common understanding of risk between funding bodies and providers.
97. We have made the DfES procurement process easier for all potential providers. This includes amending pre-qualification requirements in line with OGC's Guidance documents,<sup>26</sup> to avoid multiple form-filling which is a drain on resources in particular for small and medium sized enterprises. It also entails establishing greater clarity about the use of grant as opposed to contract funding, and the appropriate use of strategic grant funding for third sector organisations.
98. With the benefit of the three-year Comprehensive Spending Review (CSR) settlement for 2008-11, DfES will move towards three year funding as the norm rather than the exception. We will be giving the LSC and other NDPBs three-year budget covering the CSR period. DfES grants channelled through local authorities will cover the same period. We will expect NDPBs and local authorities to pass on three-year funding to grant recipients or contractor as far as appropriate and subject to effective delivery of the services being funded.
99. The Department is considering a range of options on early years funding reform, with a particular focus on how money is allocated to non-maintained providers of the free entitlement to early learning and care. Budgetary stability is an issue for small voluntary providers and we have consulted on how to guarantee such providers more funding at the beginning of the year to help them plan and invest in quality. We have also consulted on proposals to help local authorities ensure that funding better meets the costs of these providers. We will be announcing our decisions on these proposals shortly.
100. From April 2008 the majority of DfES grants to the third sector to support services for children, young people and families will be combined in a single grant scheme so that there is a single point of entry and administration. Most of the grants will be intended for three-year strategic funding, although some provision will continue for shorter periods of project funding. The Department has already improved the grant scheme by including an Expressions of Interest stage to minimise burden on potential applicants and is committed

24 See also [http://www.nao.org.uk/publications/other\\_publications.htm](http://www.nao.org.uk/publications/other_publications.htm)

25 <http://www.nao.org.uk/better%5Ffunding/>

26 Think smart...think voluntary sector, Guidance to Funders etc, the Compact

to managing the scheme in line with Compact timetables. Around £10 million of new funding will become available through the scheme for 2008-2009.

101. There will however continue to be exceptions to three-year funding. Sometimes this will be because the business need is for a shorter arrangement, or where flexibility is needed for new work towards the end of the CSR period. In other cases the Government may decide as a matter of policy that funding ought to follow the user, as is the case with budget-holding lead professionals. The new funding for the LSC will offer greater certainty over the CSR period for some types of provision, but for adults the Department is creating a demand-led system where funding follows the learner. As a result of this LSC will not be awarding three year planned contracts for adult learning, although providers who enrol students and continue to provide good quality services will be assured of a degree of long term stability.
102. Within this context the LSC is currently undergoing a full review of its procurement and business processes. In particular it is starting to work on the engagement and inclusion of small and medium-sized enterprises and third sector organisations. The review of the first national process, as mentioned earlier in Chapter 3, will identify next steps in relation to working with the third sector.

### Key Actions:

- To trial a Compact tool against which we, and other Government Departments, will be able to assess and make amendments to policies and practices.
- To consider how best to use the Forum's recommendations on procurement.

### Getting regulations and procedures proportionate and sensitive to the circumstances of third sector organisations

103. We understand that smaller organisations are disproportionately disadvantaged in contract agreement. As the OTS Action Plan identified, complex contracting processes are one of the biggest barriers. Lengthy contracts with many clauses require organisations to seek legal advice; where they are dealing with several commissioners, all of whom are looking for a similar end service but who all have different contracting procedures, this becomes a costly expense. Standard contracts, or clauses can be help reduce burdens and ensure a fair and transparent market – although will not be suitable to areas of DfES business where volumes are low and content highly personalised. DfES is working with external stakeholders including providers from all sectors and local authorities to develop standardised approaches where this is useful. Early progress has been made in contracts which can be used by all local authorities when purchasing placements at independent and non-maintained special schools and we will learn from this how we could apply these principles to other markets.
104. Chapter 3 noted work in hand to ensure that markets function effectively. In collaboration with providers from all sectors and the CBI, DfES will also review the extent to which markets for children's services operate in a competitively neutral<sup>27</sup> way as part of its efforts to ensure that its policies and programmes are Compact compliant and within the EU and UK legislation and regulations on procurement and purchasing. We also working with CLG

27 A fair field and no favours. Competitive neutrality in UK public service markets, CBI, 2006



on statutory guidance for local authorities and the competition code of practice announced in the Local Government White Paper.<sup>28</sup> We believe that these developments should help third sector organisations participate in a wider range of service delivery areas.

105. Another way we will work to encourage and build the capacity of the third sector is through the principle of appropriate advance payments to the organisation. In certain circumstances this enables the sector to keep its business going while having to pay out for other supplies or to pay wages. This is a useful facility – although not an automatic right – and one which can help smaller businesses in particular.
106. We recognise that there is an inherent tension in the trend for commissioners to be more efficient by managing fewer contracts, which favours large organisations, and the wish to encourage and build the capacity of the small and medium sized organisations. The LSC also recognises that there has been an historic imbalance in funding available to some providers over others. As market maker, the LSC is reviewing how it can build capacity in the third sector so that it can deliver to its target client groups and in particular areas of the country, with the aim of offering some programmes for 08–09.

### Key Actions:

- To evaluate the benefits of standardised contracts and develop in other appropriate markets.
- To conduct a review of competitive neutrality in children, young people and families' policies and procedures, and to explore how we build a level playing field.
- LSC will examine ways to build capacity of the sector as a delivery agent.

### Building the capacity of third sector organisations

107. To enable the third sector to fulfil its potential, we recognise that in some instances positive action is needed to enable providers to compete and to get their concerns and considerations registered at the design stage. This capacity building process needs to start early on, well before the need for the service becomes pressing.
108. DfES has sponsored a £3 million investment programme VCS Engage.<sup>29</sup> Led by the NCB, this consortium of third sector providers will reach thousands of staff across the sector, from those working in small local community groups to those in large national organisations, across all 150 local authority areas. As part of the programme, targeted training to VCS staff in key skills necessary for the engagement in planning and commissioning is being provided.
109. Similarly in some of the markets newer to the DfES, we need to enable the customer to know and understand the services which are available to them. For example, having established how important parental engagement is to children's outcomes, we are investing to develop the third sector's strategic capacity to help parents to help themselves, including via the new Parent Know-How programme. The programme aims to improve and increase the provision of information and support for parents – particularly disadvantaged parents. This important strand of developing communities is covered more fully in Chapter 2.

28 Strong and Prosperous Communities, CLG 2006

29 [www.vcsengage.org.uk](http://www.vcsengage.org.uk)



110. The LSC, in particular, is working on a programme of capacity building for the third sector which will support the sector to compete successfully for contracts, where their expertise and delivery is the best available. They are also considering how to ensure they listen to third sector organisations in the design and scoping of tender specifications so that they are most appropriate for the relevant learner group.

### Key Action:

- To continue to build the strategic capacity of the third sector and to look at ways to support the sector's infrastructure.

### Building capacity within the third sector through improving the skills and qualifications of the workforce

111. We want to develop a third sector whose capable and qualified workforce enables them to deliver services to the highest quality. Sometimes this means professionalising a workforce, such as in the National Academy for Parenting Practitioners which will ensure that parents are able to access evidence based programmes and interventions.
112. The Children's Workforce Development Council (CWDC) is grant-funded by DfES to drive workforce improvement and reform. Last year it invested £3.3 million in grants to non-statutory providers and advocated across local authorities the stronger involvement of third sector organisations in local workforce planning. It has also worked with the voluntary, community and faith sectors to support development of their workforce. Through its greater understanding of the workforce needs as a result of the skills audit (undertaken as part of VCS Engage) it will be able to focus its plans to continue supporting the involvement of the non-statutory providers in local workforce reform through funding, dissemination of good practice and further development of networks.
113. The third sector has distinctive skills issues that can be critical to the effective functioning both of individual organisations and of the sector as a whole. In particular:
- specialist skills relating to the roles of trustees and governance, and specific skills needed in the sector – such as fundraising; and
  - management and leadership and other generic skills that need to be highly contextualised for the sector.
114. Additionally, there are the core professional skills and qualifications, in areas such as healthcare or childcare, which those working in third sector organisations share with those working in the commercial or public sectors. These skills are addressed through the work of those Sector Skills Councils (SSCs) that lead on skills in areas like health, youthwork or children's services.
115. Almost all SSCs cover some staff working in voluntary organisations, but with a particular concentration in 8 SSC footprints – Skills for Care and Development, Creative and Cultural Skills, Asset Skills, SkillsActive, Skills for Health, Lifelong Learning UK, Lantra, and Government Skills. Much good work is being done by individual SSCs. Across the third sector as a whole the Sector Skills Development Agency has funded, through the UK Voluntary Sector

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116. However, we recognise that more needs to be done, in particular in:

- capturing the good practice already encompassed by some sector skills councils in developing third sector skills;
- promoting these so that all relevant Sector Skills Councils can build-in a third sector approach;
- building the capacity of the third sector to engage more effectively with Sector Skills Councils at national and regional level; and
- considering how best to develop a co-ordinated national voice on skills for third sector employers and workers.

117. On the last of these, it is not yet clear that the current arrangements are providing sufficient impact so that the distinctive needs of the 3rd sector are fully recognised and addressed. We are considering a range of possible alternative approaches, recognising that the skills system as a whole is changing, in response to the challenges of the Leitch report on skills – on which Government expects shortly to publish an implementation plan.

### Key Actions:

- To develop the skills of the third sector workforce.
- To consider how best to address the issues of the third sector through sector skills councils.

### What will success look like?

118. Fewer issues will be raised against the Department or direct delivery agents for being not observing the Compact principles.

- Research shows fewer third sector organisations experience barriers to entering children's services markets.
- Greater capacity within the third sector by March 2008 to engage at a strategic level, based on a 2006 initial survey of concrete measures.

## Case Study

### Local authorities commissioning through the third sector

The third sector in North Lincolnshire are key partners in delivering services to children and young people and their families. At a major voluntary sector conference in 2005 the wealth of existing provision was acknowledged and has since helped shape the development of new diversionary and preventative projects.

Key organisations include DreamScheme, the Crosby Community Association and Westcliff Drop-in who all work closely with their local communities to address the users' needs. They, and other groups throughout the area, provide invaluable grass roots-level work through the many volunteers who give their time to supporting children and young people.

North Lincolnshire created a voluntary sector compact, named Better Together. The aim is to support the close working relationships and help the voluntary sector to be more consistent. The compact provides a strong basis for partnership working but, while all the main statutory sector and many voluntary organisations have signed up to it, many smaller voluntary and community groups have been reluctant to do so until they see more tangible benefits from taking part. One priority for the Local Strategic Partnership (LSP), through the Strong Communities Working Group, is to further improve the way the compact supports the relationships with the voluntary and community sector and to encourage more organisations to sign up to it.

Third sector organisations in the area work in real partnership with the statutory sector in three main ways:

1. Providing a network of community support, links and consultation that enhances the quality of life of local people;
2. Working in partnership with statutory organisations and others to develop new and innovative services that meet the needs of local people; and
3. Being commissioned to deliver specific services to local people.

In the first two ways the third sector organisations often take the lead in determining what is needed and prioritising the tasks to be undertaken. In the third, it is usually the statutory sector who will identify the need and set the scope and specification for the service.

# Glossary

<b>CLG</b>	Communities and Local Government
<b>CSR</b>	Comprehensive Spending Review
<b>CWDC</b>	Children's Workforce Development Council
<b>DfES</b>	Department for Education and Skills
<b>DH</b>	Department of Health
<b>DTI</b>	Department for Trade and Industry
<b>E2E</b>	Entry to Employment
<b>ECM</b>	Every Child Matters
<b>ESF</b>	European Social Fund
<b>FE</b>	Further Education
<b>GP</b>	General Practitioner
<b>HE</b>	Higher Education
<b>HEI</b>	Higher Education Institution
<b>HMT</b>	Her Majesty's Treasury
<b>KS</b>	Key stage [level of attainment in school]
<b>LSC</b>	Learning and Skills Council
<b>NAO</b>	National Audit Office
<b>NAVCA</b>	National Association for Voluntary and Community Action
<b>NCB</b>	National Children's Bureau
<b>NCH</b>	National Children's Homes
<b>NCVCCO</b>	National Council of Voluntary and Childcare Organisations

<b>NDPB</b>	Non Departmental Public Body
<b>NEET</b>	(Person) not in education, employment or training
<b>NSPCC</b>	National Society for the Prevention of Cruelty to Children
<b>Ofsted</b>	Office for Standards in Education
<b>OTS</b>	Office of the Third Sector
<b>OGC</b>	Office of Government Commerce
<b>PVP</b>	Pre Volunteer Programme
<b>QCA</b>	Qualifications and Curriculum Authority
<b>QCF</b>	Qualifications and Credit Framework
<b>QIA</b>	Quality Improvement Agency
<b>SSC</b>	Sector Skills Council
<b>TDA</b>	Teacher Development Agency
<b>v</b>	The new national volunteering body
<b>YMCA</b>	Young Men's Christian Association

## Photography

- Front cover: Cosmic, a social enterprise in Devon
- Front cover: Hill Holt Wood, social enterprise woodland in Lincoln.  
Photograph Social enterprise magazine
- Page 7: Unique scrap store, a social enterprise
- Page 22: Changemakers, Social Enterprise magazine,  
photographer Stephen Shepherd
- Page 26: Young co-operatives
- Page 26: Social Enterprise magazine, photographer Ian Dobson.
- Page 33: Hoxton Apprentice, a social enterprise restaurant in East London.  
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