



Third Sector Commissioning Review

Winter 2008-2009

This is the eleventh of Futurebuilders England's quarterly Commissioning Reviews.

We are now officially in a recession and the media is awash with frenzied reporting about the effects of the downturn.

Third Sector Organisations (TSOs) are reported as showing signs of the economic downturn, with investment income being eroded and cash flows being affected as expected revenue is delayed or does not materialise at all.

We spoke in the last Review that against this economic backdrop TSOs would see an increasing demand for their services. Indeed enquiries regarding the Funds that Futurebuilders offers are up by over 25% in the last quarter of 2008 when compared to the previous three months. Talking to these enquiries, it is evident that many TSOs are seeing this now is the time to raise awareness of their ability to meet the demand for the support

services that they offer. They are keen, despite economic uncertainty, to take advantage of contracting opportunities coming up in 2009.

The signs are there that innovative and creative TSOs will continue to thrive as they seek out and seize opportunities.

Enquiries have also been encouraged by the new, far more customer-focused website that went live at the beginning of November 2008, marking the end of our online application form. With a view to streamlining the application process and stimulating enquiries from TSOs with limited timescales, a variety of options are presented to begin the application process. In addition, content such as success stories and top tips and application resources, such as a loan calculator, are designed to share learning and resources.

Our objective at Futurebuilders remains to help develop the capacity of TSOs to win contracts; improved resources such

as the website help us continue to strive towards this objective. In the last nine months, 90 new public service contracts were won by our investees, worth £16.4million. In the last quarter, 12 contracts were reported to have been won by our investees. This is far lower than the previous two quarters, but largely in line with expectations given new budgets and funding streams becoming available in the next financial year.

Working in consortia

Collaborative working makes a difference and nowhere is this better exhibited than the Sheffield Wellbeing Consortium, a formal consortium of third sector organisations that provide health and well being services in Sheffield, South Yorkshire.

The consortium's primary goal is to serve those who are most disadvantaged and/or have mental health problems, through the provision of high quality,

responsive, generalist and specialist health services and initiatives.

The organisation employs and manages a consortium team with the aim of securing and distributing statutory funding to member organisations.

The key advantages to the consortium approach include the increased opportunity to develop services through increased access to statutory funding, joint service planning and delivery leading to improved services for beneficiaries and enhanced training and development support for smaller members. The last quarter saw Sheffield Wellbeing win £380,000 from Sheffield City Council for the Heath Champions contract. This contract will involve setting up a network of volunteers to empower local people to improve their health.

Neil Coulson of the Consortium picks up the story. 'For the first time, we have a city-wide organisation that provides a single point of contact for contracting

instead of 20 or 30 individual organisations. We act as the primary contractor and subcontract to our members’.

Neil believes that what they now have is indeed the best of both worlds, he goes on to say that ‘it is rationalisation at the right level that is at the point of contracting, and importantly, still retains local autonomy and local responsiveness. Indeed that is what the commissioners see and like about what we do and how we are organised’.

The journey has not been all plain sailing though. Neil was keen to emphasise that they still have some way to go to get everything right. It was risky setting up a brand new organisation and the Consortium has had to build confidence levels with local commissioners; initially it had no track record to speak to as an organisation in its own right.

Neil speaks proudly of the Consortium’s emerging status as a preferred supplier, which came about as a result of bringing a wide variety of services together under the umbrella of the Consortium.

Innovative initiatives such as Health Voucher schemes, for example, have the best chance of success within the Consortium framework. The vouchers

can be used to purchase from a wide menu of services offered by the partners. Neil’s final thoughts will ring true to many who see the benefits of TSOs delivering public service contracts ‘as a consortium we work together as a group of entrepreneurial individuals to provide the solutions to the problems that the commissioners have’. And that, certainly, is the secret of their success.

New product launches

The newly launched Consortia Fund, inspired by the Sheffield Wellbeing story, has had four applications to date with one approved investment, showing that there is distinct interest for help to specifically assist with the development and setting up of consortia and working together to build strength and unity. The fact that the commissioning environment has reacted well to groups of TSOs working together should be encouragement for others.

In addition to the initial successes of the Consortia Fund, the two specific Tender Funds have had 48 applications to date, 33 to the Tender Fund and 15 to the Small Organisation Tender Fund, a joint initiative with the National Programme for Third Sector Commissioning.

The Tender Fund is moving at a particularly fast pace with 13 loan offers

of just under £500,000. With 85% of this dispersed already, we believe that this shows the Sectors desire to take up contracting opportunities and not baton down the hatches in this time of recession.

Contracting success

Small organisations struggle particularly with contracting and not all of them want to form part of consortia.

We pick up the story of StreetVibes Youth once again as this last quarter has seen them successfully win two contracts from the LSC (Learning and Skills Council) totaling almost £800,000 and lasting until July 2010. These were by far the largest and longest contracts ever won by the team.

StreetVibes Youth received a £220,000 Futurebuilders investment, enabling them to employ more staff, develop a business and development plan and to purchase more equipment in order to increase its capacity to take on additional contracts. They deliver training and education in a range of music and media related areas in South East London.

The organisation’s mission is to build mutual respect and social cohesion between young people from different

backgrounds, as well as encouraging creativity, communication, management and productivity.

Sonia Ramanah at StreetVibes Youth outlined the difficulties that the team faced when tendering for such large contracts. ‘We worked hard on our governance and structures to get ourselves into a strong position to tender, using the Futurebuilders funding and consultancy support to get this just right. When we tendered we were the strongest contender, however we failed the public finance audit. It wasn’t our work that was in question, it was our financial stability. As a small organisation we just didn’t have the level of reserves that the LSC felt was appropriate’.

Rather than giving up, Sonia saw this as part of the puzzle to help prove that StreetVibes Youth were worthy of the contract. She discussed options with Futurebuilders as the LSC were asking for levels of reserves equivalent to the size of the contracts. For a small organisation, which had a turnover of £50,000 when we first invested in them two and a half years ago, this was an almost insurmountable difficulty.

Following a letter of support from Futurebuilders outlining our financial backing and validation for the financial

health of StreetVibes Youth, the 2 contracts were secured. Sonia emphasised that 'it did indeed take several meetings and some time to get to this stage and we were determined not to give up. We worked through the rules and regulations and won through in the end'.

And what would Sonia share to help others? 'Have a strong belief in the work that you do and emphasise your track record. Make sure that if you are tendering for large contracts that you look at your capacity and governance and spend time building up your capabilities, using funding to help where appropriate. And above all persevere!'

Thinking long term and persevering is the story behind another successful contract winning story of the last six months, Proud City.

Proud City, under the inspiring leadership of Mike Felse, continues its success story of winning contracts, building on the previous quarter and winning over £25,000 in successful tenders. Proud City has pioneered the Active Citizenship journey (iPAC) with a focus on health and wellbeing and they have had to think long-term to continue to thrive and develop objectives.

Mike outlines this. 'Diversifying into the range of Health, Wellbeing and Lifestyle qualifications was always the plan, where the Active Citizenship (iPAC) would be able to meet the grounding and role play needs of a variety of vocational and community courses. The beneficial link is now well established and PCTs are coming back to Proud City for more'. 'The next step change will see Health Trainers and Community Empowerment Courses delivered by a wide span of third sector organisations that can meet local community needs. This will be an even bigger breakthrough for many people as the third sector takes on investment partnership portfolios that build stronger, safer and empowering neighbourhoods'.

Accessing grant funding to develop a vision of active citizenship needed innovation, communication skills and confidence and Mike and his team work with a never ending energy to spend the hours needed to write up quality tenders. Mike is also a keen advocate of working with others and sharing ideas with the iPAC being taken up by the 7,500 City and Guilds learning centres in the UK.

Mike concludes by saying 'Proud City Cooperative has made a pledge to work with others in showing how people become better able to deal with the life issues around them. These times of

credit crisis create more demand for having Health Trainers that are better skilled to deal with health, wellbeing and lifestyle matters in neighbourhoods around the country.'

'Indeed, Proud City is a good example of how the Futurebuilders package can make tomorrow a much better place than today'.

Proud City was one of the first recipients of a Futurebuilders loan back in 2004; Mike and his team have shown that taking the steps to acquire loan funding will help build a stronger and more successful organisation that competes effectively in the competitive tendering environment.

Complex commissioning

Speaking to our Investees for this Review did highlight many contracting success stories but also emphasized the difficulties they faced. Communicating with commissioners and trying to develop services that solve the problems that commissioners have is an aim to aspire to and takes time to get right.

All new investees will face the issue of developing services that commissioners want to buy at a price that is mutually acceptable. The recession will no doubt

affect these services and the money available for them will be under increasing pressure. The TSOs we speak to are gearing themselves up for the challenges ahead and there has never been a greater need for the entrepreneurial spirit of the sector.

Nonetheless, it is not all doom and gloom. 2009 will be a crunch year for contracting with around £30billion up for re-commissioning and opportunities will abound for TSOs.

There will be Social Care Contracts coming up of over £20billion; recent reports state that 20% of social care provided by councils is unfit for purpose so this may well be speeded up. Train to Gain and apprenticeships look likely to have an extra £1billion of funding and in 2009/10 DWP (Department of Work and Pensions) will be tendering for the Workstep, Flexible New Deal and 'Floyd' programmes. When these are rolled out nationally, the contracts will be worth in the region of £3billion.

With contracts likely to be for 5 years with a 2 year extension, now is a great time for TSOs to take the opportunity to look for long-term funding, building relationships with commissioners to grow and develop for a sustainable future.

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