

**Report of: Executive Member for Community Development  
Executive Member for Finance and Performance**

Meeting of:	Date	Agenda item	Ward(s)
Voluntary and Community Sector Committee	21 July 2014		All

<b>Delete as appropriate</b>		Non-exempt
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**SUBJECT: Scrutiny Review – Supporting the Voluntary and Community Sector through Procurement – 12 Month Report Back**

**1. Synopsis**

- 1.1 The value of Islington Council’s funding to the third sector in 2013/14 is approximately £38.6m, an increase of 4.2 % on the previous year. However the trend is towards fewer contracts, with larger organisations winning them, and the number of contracts the Council holds with the VCS has reduced by nearly 30% since 2011. There is a concern that smaller local organisations could be squeezed out of the procurement process and that their knowledge and understanding of Islington’s communities, built up over many years, could be lost.
- 1.2 This report was considered by Communities Review Committee on 20 March 2014 and is being presented as an information item because of its relevance to the remit of the VCS Committee. It updates members on progress in implementing the recommendations of the Communities Review Committee’s report on ‘Supporting the local Voluntary and Community Sector in Islington through procurement’. It summarises the context of the review, the ambitions of the Committee, the response of Executive and the adoption of a VCS Procurement Action Plan, developed jointly by council officers and representatives of the local voluntary and community sector, which is being used to monitor progress and report on achievements.

**2. Recommendation**

- 2.1 To note progress to date on the recommendations contained in the report ‘Supporting the local Voluntary and Community Sector in Islington through procurement’ as set out in the VCS Procurement Action Plan (Appendix A).

**3. Background**

- 3.1 Islington’s Voluntary and Community Sector (VCS) is vibrant and diverse, ranging from organisations with a turnover of a few thousand to millions of pounds a year. The borough has always fostered smaller community organisations, in a belief that organisations established by Islington residents, employing or offering volunteering opportunities for Islington residents, and providing services to Islington residents

can meet a need that may be neglected otherwise. Reductions in public expenditure and increases in demand for services are creating a very challenging environment for the local VCS to operate in and, without appropriate support and development, there is a risk that many of these organisations could disappear, leaving vulnerable residents isolated and exposed.

- 3.2 At the same time Islington Council is experiencing the biggest cut in funding that local government has ever faced and is anticipating the need to find further substantial savings over the next few years. In addition to large reductions in the Council's funding since 2011, the one-year Spending Review for 2015/16, announced in June 2013, revealed further significant cuts to non-protected government departments such as Communities and Local Government. It is therefore more important than ever that the Council obtains best value for its limited funds, both in financial terms and for the benefit of communities across the borough.
- 3.3 In September 2011 the Communities Review Committee commenced a scrutiny, with the overall aim of establishing the extent of local community benefit in Islington as a result of voluntary and community sector activity in the borough and exploring how this might be further developed. The objectives of the review were as follows:
- Establish the facts on VCS organisations in the borough and on Islington Council's funding to them.
  - Assess what the VCS in Islington contributes to Islington's community, beyond the requirements of service contracts e.g. how effectively does the sector engage with and involve local people, employ Islington people as staff and volunteers, and in what ways is it accountable to the local community?
  - Recommend ways in which Islington's VCS might develop in order to optimise levels of local community involvement, engagement, volunteering and benefit.
- 3.4 The review received evidence from a number of council commissioners and voluntary sector organisations in the borough, and reported its recommendations to the Executive in September 2012. The Communities Review Committee, while recognising in the current financial climate the Council has to achieve value for money when commissioning contracts, were of the view that more could be done to assist local organisations, particularly in the procurement process, where small organisations often have limited time and resources compared to larger national organisations.
- 3.5 In addition the Committee were of the view that there should be more assistance given to support local organisations to enable them to be aware of opportunities to work with other organisations when procuring services and to be more aware of what the Council values in terms of community benefit. The Committee hoped that its recommendations would establish a more level playing field for local organisations which would enable them to bid more successfully for tenders and use their local knowledge and experience for the benefit of the residents of the borough.
- 3.6 In July 2013 Executive accepted in full the recommendations of the Communities Review Committee and agreed the adoption of a VCS Procurement Action Plan. The plan was developed jointly by council officers and representatives of the local voluntary and community sector. Each of the Committee's recommendations has its own section in the plan with actions identified to support implementation. Lead departments/organisations have been identified for every action as well as timescales for achievement.
- 3.7 The VCS Procurement Action Plan (Appendix A) has been updated to show progress in implementing the Committee's recommendations. Some actions have been completed but many are ongoing and will continue to be monitored to ensure that procurement processes and decisions deliver the outcomes for Islington's communities envisaged by the Committee. Progress will be reported annually to the Council's Third Sector Strategic Forum, an officer group which has senior management representation from all the main commissioning areas. Voluntary Action Islington and Islington Community Network would like representatives of Islington's VCS to be part of this review process and the Council will consider how a more inclusive and transparent mechanism for reporting back can be facilitated.

## **4. Implications**

### **4.1 Financial implications:**

The proposals detailed in the action plan will be delivered using existing budgets.

### **4.2 Legal Implications:**

The Council has the power to carry out all the proposals detailed in the action plan under the general power of competence (Localism Act 2011, section 1). All the proposals, apart from those related to recommendation 3 of the action plan (related to Proportionate Procurement Processes) are such that there are no existing statutory restrictions that will apply when relying on the general power of competence. The proposals related to Proportionate Procurement Processes (recommendation 3) will need to be carried out in compliance with the requirements set out in the Public Contracts Regulations 2006 and the Council's procurement rules.

### **4.3 Environmental Implications:**

None

### **4.4 Resident Impact Assessment:**

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment isn't required in respect of the action plan. However, it is worth noting that the recommendations in this report promote local involvement in procurement processes and are likely to result in positive outcomes for groups of residents with protected characteristics. The VCS Procurement Action Plan has been developed with the involvement of Voluntary Action Islington and Islington Community Network, whose membership includes representation from BME, faith, refugee, disability, homelessness, health, advice, and age related forums.

## **5. Conclusion and reasons for recommendations**

- 5.1 Good progress is being made in implementing individual actions arising from the recommendations of the Communities Review Committee. The value of contracts awarded to the VCS has increased in the last year but there are some risks to the spirit of the recommendations in that there seems to be a trend of fewer, and larger, organisations winning contracts which could lead to smaller local organisations losing out, particularly given the pressure for efficiencies. The VCS Procurement Action Plan will be kept under review by senior council officers and representatives of the local voluntary and community sector so that the ambitions of the Committee can be realised for the benefit of Islington's communities.

## **Appendices**

Appendix A: VCS Procurement Action Plan

**Background papers:** none

Final report clearance:

**Signed by:**



Executive Member for Community Development

8 July 2014



Executive Member for Finance and Performance

8 July 2014

**Received by:**

Head of Democratic Services

Date

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