Item No. 16.	Classification: Open	Date: 29 January 2013	Meeting Name: Cabinet
Report title:		Voluntary and Community Sector: Proposal for setting up an Approved List	
Ward(s) or groups affected:		All	
Cabinet Member		Councillor Claire Hickson, Communities and Economic Wellbeing	

FOREWORD – COUNCILLOR CLAIRE HICKSON, CABINET MEMBER FOR COMMUNITIES AND ECONOMIC WELLBEING

The Council is setting up an approved list of pre-vetted voluntary and community sector (VCS) organisations. This is a groundbreaking initiative emerged from the Commissioning and Procurement Joint Task and Finish Group set up as a sub-group of the Council/VCS Liaison Group.

The list aims to save time and improve efficiency by eliminating the need for organisations to submit the same standard information in response to multiple Council procurement opportunities. It will also reduce the time the Council spends in vetting information. The development of the database will improve the management of information.

The Council has taken this project forward in response to repeated requests from the VCS to streamline the vetting process. It demonstrates the Council's commitment to a continued partnership approach with the sector with the aim of delivering economic wellbeing.

The Council will advertise that it is setting up an approved list and organisations will be able to apply online to be vetted for inclusion on a database. Organisations that meet the required standards will be included. Those not meeting the standards will be offered support by Community Action Southwark or directed to online self-help assessment tools.

Southwark is the first local authority to set up an approved list, thus demonstrating the Council's commitment to continuously improving our relationship with the voluntary and community sector and to ensuring that their relationship with us helps build their capacity.

RECOMMENDATION

1. To give approval for setting up a Southwark Approved List for the Voluntary and Community Sector (VCS).

BACKGROUND INFORMATION

2. The council funds approximately 250 VCS organisations based in Southwark through a combination of grants and contracts. The most recent information provided by departments indicates current council funding to the VCS via:

- 122 contracts
- 132 grants

31 organisations are multi-funded through a combination of contracts and grants from a number of different council departments.

The principal strategic engagement structure for the relationship between the council and the VCS in Southwark is the Council/VCS Liaison group. This has over time identified council commissioning and procurement processes as a key issue that results in inconsistency and increased transactional costs for both parties. Council commissioning is decentralised with departments responsible for determining the process for services to be delivered by external organisations.

3.   In order to address these issues the liaison group established and delegated authority to a joint task group to develop a whole systems council approach to commissioning of the third sector. A Commissioning and Procurement Joint Task and Finish Group was set in up in November 2010 comprised of council commissioners, Heads of Service and VCS leads with the following aims:

- To streamline council commissioning, including grant aid and contract processes that engage the VCS
- To maximise opportunities for a sustainable VCS in Southwark
- To make recommendations to CMT and Cabinet for approval
- Identify how streamlining commissioning can contribute to efficiency savings for the council and voluntary sector in the current financial context.

4.   The Task and Finish Group identified five key work streams. These are:

- Commissioning arrangements in place and clearly set out annually
- Internal council systems changed to deliver more effective commissioning processes
- Establish the feasibility of an approved list of VCS provider
- Commissioners understand the commissioning journey/options and distinction between grant and contract
- Monitoring is proportionate, consistent across departments, avoids duplication and is reviewed

5.   VCS providers have consistently raised the issue of inconsistencies in commissioning across departments (through both grants and contracts) and in particular the duplication of processes arising from for example the need to make multiple submissions of Pre-Qualification Questionnaires (PQQ) in response to different council commissioning opportunities. Such inconsistency and duplication of processes also increases internal transactional costs for the council and can lead to both errors and unnecessary duplication. Setting up an approved list would improve central co-ordination as well as deliver efficiencies for the council by reducing transactional costs.

6.   The Task and Finish Group explored the development of an approved list taking into account the existing frameworks i.e. the Southwark Approved list of Works (Construction) Contractors and the Supporting People Framework function. Examining how these operate and their relative advantages and disadvantages has enabled the group to focus on what works well and to adapt that to suit a VCS approved list.

7. The Supporting People Framework established a ranked list of providers based on the most economically advantageous bids (i.e. taking into account quality and price) under a number of service categories. The VCS approved list will not replicate this aspect of the model because the framework was based on a nationally developed model of service provision and offered a sub-regional approach to procurement involving a number of local authorities.

8. In developing the principles of operation of an approved list officers explored the possibility of a shared service approach with Lambeth and Lewisham and carried out research with other London boroughs to identify if anything similar was in place. The research demonstrated that although that no similar initiatives were underway. Commissioners in neighbouring boroughs have asked to be kept informed of developments in order to make a judgement as to whether there is a possibility of replicating this approach.

9. One consideration of particular significance is to ensure that the resources required to set up and maintain an approved list are achievable and that real benefits follow. The council will also need to manage the sector's expectations about the benefits of being on the list, the way in which it will operate and ensure that organisations are provided with appropriate information and support to enable them to qualify to be on the list. This report also seeks to quantify the resource implications and the benefits that will accrue for both the council and the VCS.

10. The inconsistency of commissioning process identified as an ongoing issue through the Council/VCS liaison group was further evidenced in an audit of the funding arrangements for voluntary organisations. The audit was primarily concerned with the council's framework for providing grant funding to voluntary organisations and took place March 2012 as part of the council's internal audit plan for 2011/12. The majority of the recommendations raised relate to a lack of consistency across the council in its relationship with the VCS. Setting up an approved list for the VCS would strengthen the council's framework for the setting of standard requirements, even though its primary purpose is to streamline procurement through contracts and not grant aid funding.

Pilot scheme

11. Following consideration by the Task and Finish Group of what an approved list might deliver in the way of cost benefits it was decided to test this through a pilot scheme. The scheme involved the development of a validation and assessment framework customised from a standard PQQ to capture the specific governance and management requirements for VCS organisations. It contains the following elements:

- Governance
- Finance
- Health & Safety
- Equalities
- Experience
- Quality Assurance
- Safeguarding
- Insurance

The other elements of the pilot were:

- Testing the validation framework on ten VCS organisations who volunteered to take part
- Validation and scoring of all criteria by council officers without recourse to external consultants for specialist areas
- Assessment of notional resource implications for setting up a list
- Options analysis of available online resources and management information systems
- Feedback to the Task and Finish Group, through Community Action Southwark (CAS) to the VCS more broadly and specifically to organisations participating in the pilot
- Evaluation of the pilot

12. The assessment framework scoring system contained a mix of pass/fail and scored assessment criteria. Each of the participating organisations achieved the standards required in each core area as well as the overall minimum total score. One organisation had to increase its insurance cover to achieve the required standard. Each organisation participating in the pilot was already in a funding relationship with the council. An inference could be made that organisations unlikely to reach the required standards would not volunteer to take part in an assessment process that would evidence these.

13. Evaluation of the pilot was carried out in a range of ways. These included inviting feedback from VCS participants and learning from officers' feed back on the time and skills levels required to carry out the assessments. This was reported back to the Task and Finish Group. The evaluation was positive in each of these areas and the group decided to take the approach forward to the next stage and seek approval for the setting up of a scheme, now sought in this report. It is anticipated that if a list is set up further refinements to the process will be required during the implementation and testing phase as more officers and partners have an input. Further consideration of the resource implications are contained in the Resource Implications section.

14. Following testing through the pilot the specific objectives of setting up a list are:

- To improve consistency and streamline commissioning when procuring services through contracts
- To establish a list of pre vetted VCS providers in Southwark which the council will use during tender processes
- To eliminate the need for VCS providers to submit PQQs and other standard documentation on every procurement process
- To modernise the process for submission of information by VCS organisations by providing an online facility using the council's corporate forms package
- To provide access to documentation relating to the VCS to council commissioners through a single online site
- To develop enhanced functionality in the management and enquiry capability of information relating to the VCS.

KEY ISSUES FOR CONSIDERATION

15. There are resource implications in setting up the list. These have been tested, albeit on a small scale through the pilot. These need to considered against the

potential reduction in transactional costs across the organisation from carrying out repeated PQQ processes.   In this context the approved list would deliver savings and would support modernisation of process.

16.   The Task and Finish Group explored a range of options relating to the main aspects of how the list will function. The pros and cons of the main issues that were identified are set out in a table below.

Issue	Pros	Cons
Access to the list • Open list – with rolling application process OR	- Open list maximises accessibility to the list	- Resource implications too onerous for council
• Open list with window period	- Resource efficient by providing a balance between manageability and accessibility	- No significant ones
Inclusion of organisations not based in Southwark that have track record of delivery with Southwark beneficiaries	- Potential for better services for residents through enhanced market base and choice of potential suppliers - No legal, economic or rational basis for exclusion of non-Southwark based organisations	- Resource implications if significant number of non-Southwark based organisations apply
Use of officer resources (skills/time) to assess criteria rather than external consultants	- Cost savings - Will enhance competencies and joint working as commissioners work with Finance, Health & Safety, Equalities leads on assessment - Avoids conflict of interest where consultants carrying out assessment offer support to attain required standards	- Officer time in carrying out assessments although needs to be set against reduction in repeated PQQ assessments

17.   The approved list process stages are set out below:

Advertising

18.   An invitation to apply to join the list will be advertised on the Council website, through Community Action Southwark (CAS) and VCS networks

- The advert will state that:
    - Once established the list will be open and maintained annually
    - Providers appearing on the list will need to keep data updated and this will be requested annually
    - The list will open annually for a one month window (with the annual window to be advertised). This will allow any new providers joining the

market to apply and give any providers that previously failed to get on the list an opportunity to reapply

- o There is no cost in applying to or being on the list
- o Any provider not wishing to apply or failing to get on the list will not be precluded from any tender opportunities.

19. Applications to join the list will be accepted for a 1 month period only.

Assessment

20. Applicants will be required to upload documentation to and complete an online form on the Council's website

21. Officers will assess applications. It is expected that most organisations applying will be known to the Council already. There is an expectation that departments will take a lead by assessing organisations with experience of service delivery in the relevant thematic area. Commissioners will include Finance, Health and Safety and Equalities expertise in the assessment process

22. Officers will notify applicants of the outcome and provide feedback on validation areas where these are not met

23. There will be a one month clarification period after assessment to allow providers to submit revised documentation following feedback

24. CAS will offer support to Southwark based organisations not meeting the validation standards

25. Officers will signpost non-Southwark based organisations to online information sources or to their local council for voluntary organisations umbrella body

26. There will be no appeal process after the clarification period is complete. It is envisaged that organisations will use the validation framework to improve standards and readiness for commissioning opportunities.

Procurement

27. Officers will continue to commission services through the current procurement processes using Gateway Reports when required

28. When carrying out a restricted procurement process (a two stage process where the first stage is completion of Pre Qualification Questionnaire) officers will use the approved list to confirm which providers have been pre vetted and therefore do not need to complete a PQQ and which providers have not been pre vetted and therefore will be required to complete a PQQ

29. Officers will shortlist in the usual way and invite a selection of organisations according to their suitability for the individual procurement. Where additional service specific information is required to effectively shortlist providers, all providers expressing interest will be required to complete and submit this.

30. Guidance will set out that not all organisations on the list will automatically be invited to tender for every procurement opportunity

31.	Guidance will set out exception guidelines where it may be necessary to set up an alternative procurement mechanism e.g. for specialist services

32.	Guidance on how consortia applications will be managed will be provided. The broad policy will be that where the council is going to enter into a contract with individual organisations directly, the organisation will need to be on the list. If the council is solely entering into a contract with a lead organisation in a consortium only the lead will be need to be on the list

33.	By making use of the council's existing corporate forms package the database development costs are contained and greater use will be made of an existing resource. Setting up an online process for submission of documentation will facilitate front end system accessibility for the VCS and provide a high level of back office functionality and overview for commissioners across the Council.

34.	A report recommending revised Council Conditions of Grant Funding is also currently due for approval by Cabinet. If approved and together with the recommendations in this report, the framework for procurement and funding the VCS will be strengthened and modernised, for organisations that are grant funded and for those that the Council contracts with.

35.	Officers would be responsible for managing and maintaining an accurate record of the assessment level achieved and for providing a clear narrative relating to the organisation. Being on the list does not guarantee that providers will be awarded contracts. The appropriate security and permission levels to meet the dual internal and external access needs will be established after testing and user feedback.

Policy implications

36.	The Community Engagement section of the Council Plan sets out the policy targets for the implementation of the recommendations of the Voluntary and Community Sector Commissioning Task and Finish Group. These sit within the portfolio of the Cabinet Member for Communities and Economic Wellbeing. Setting up an approved list subject to completion of a successful pilot is a target for 2012/13. If approval is given the list would be advertised in April 2013 and set up at the beginning of July.

37.	An approved list would sit alongside the Council's regulatory framework for commissioning external services and would not affect compliance with this. The main elements of this are Contract Standing Orders (CSOs), Best Value Statutory Guidance, EU Procurement Legislation, revised Conditions of Grant Funding and the Simplified Contract for the VCS. The approved list would not affect the operation of these.

Community impact statement

38.	An approved list will be accessible and offer equality of opportunity to a broad range of VCS organisations in Southwark of varying size and thematic area of activity.

39.	Assessment of experience of service delivery was a part of the core criteria for the pilot. Organisations without experience of service delivery for the Council or other public bodies would not be able to get on the list unless part of a

consortium. It would not be beneficial or cost effective to include organisations on the approved list if they are not able to satisfy this criterion.

40. Smaller, more recently formed organisations would need support to attain the assessment standards. Community Action Southwark who has been represented on the Task and Finish Group has said they will provide support to groups to improve standards. A range of free online diagnostic accreditation tools are also available.

41. There will be no charge for VCS to apply to and join the approved list.

Resource implications

42. As part of the pilot officers sought to estimate the resource implications of setting up and managing an approved list.

43. National additional officer time in carrying out vetting and development of the database and online forms package are the two key resource implications. Officer time to date has included the following:

- Desk research to establish whether similar schemes are in place elsewhere
- Definition of accreditation levels
- Setting up and testing the validation framework
- Consultation on the framework
- Assessment of the pilot applications
- Feedback to pilot organisations
- Meetings and demonstrations of database services with providers (internal and external)
- Scoping of database requirements following initial meetings
- Database and online forms development.

44. It is estimated that assessment and scoring of documentation for each provider takes three hours of officer time. It is likely that similar amounts of time would be needed for all future assessments that have a successful outcome. The organisations taking part in the pilot were all already known to officers. More time would be needed to assess lesser known organisations. Time take on providing feedback to each of the providers was limited because each met the minimum standards.

45. Community Action Southwark will work with the Council to promote, demystify and support organisations to get on the list and understand its purpose. Even if no direct support or guidance is provided by officers there would still be a need to provide a formal decision on the outcome.

46. The time lines for setting up an approved list have taken account of the resource implications of up scaling from a pilot scheme involving ten organisations to one that could involve assessment of in excess of a hundred organisations. During the development of the scheme, officers have reported back from the task and finish group to each meeting of the Council/VCS Liaison group on its progress and brought issues to the attention of this larger group. Council Heads of Service attend this meeting and have indicated support for the development of the scheme for the cross-departmental benefits it is anticipated to deliver. Expectations are that by bringing in commissioners from other departments as well as Finance, Health and Safety leads and

Equalities experts, that responsibility for initial assessments will be shared beyond Community Engagement. This will increase cross-departmental buy-in to the system and build awareness of the new facility.

47. Further resource implications will include the following:

- Ongoing consultation with the sector
- Providing feedback to organisations regarding their applications
- Getting input from other commissioners and officers with expertise in validation criteria (the vetting process and management of the database will be met from within existing staff resources)
- Support to be provided by Community Action Southwark (from within existing resources).

Consultation

48. There has been a positive response from the VCS to the pilot and positive feedback from participating organisations. The validation and assessment frameworks were deemed fit for purpose. Through the council/VCS liaison and Southwark Voice there has been an enthusiastic response from the sector to the direction of travel which is seen as innovative and offering opportunities for development, sustainability and efficiency.

49. Commissioners within the council have also welcomed these developments and contributed to setting the appropriate accreditation standards in the core areas. Children's Services advised on the Safeguarding policy and procurement on the appropriate levels of insurance required. There is general recognition that this approach could reduce duplication of process and storage of information.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

50. This report seeking the approval of the Cabinet to approve the setting up of an approved list for the Voluntary and Community Sector.

51. Pursuant to Part 3 B of the Constitution the Cabinet has responsibility to formulate the council's overall policy objectives and priorities.

52. A provider not on the approved list is not precluded from future procurements because they are not on the approved list. Any future procurement will be subject to separate gateway reports.

Strategic Director of Finance and Corporate Services

53. The creation and maintaining of an approved list of VCS providers as proposed in this report implies a shift in resource requirements from areas across the council historically involved in commissioning to the new centralised commissioning approach managed by Community Engagement. The shift in resource requirements involves mainly officer time spent on assessing and scoring VCS organisations. The commitment as stated in paragraph 31 is that this shift in resource requirements is to be met from existing staff resources, as other departments have indicated a willingness to support the project by

providing officer time in the form of staff who are currently engaged in the commissioning process in their respective departments. This will have be carefully monitored and managed in order to ensure that the pressure does not fall on exclusively on Community Engagement staff.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Commissioning & Procurement Joint Task and Finish Group Terms of Reference http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4250&Ver=4	Community Engagement 160 Tooley Street, London SE1 2QH	Andrew Matheson 020 7525 7648
Funding arrangements for voluntary organisations, Internal Audit Report, March 2012 http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4250&Ver=4	Community Engagement 160 Tooley Street, London SE1 2QH	Andrew Matheson 020 7525 7648
VCS Approved List Pilot – Validation Framework http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4250&Ver=4	Community Engagement 160 Tooley Street, London SE1 2QH	Andrew Matheson 020 7525 7648

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Claire Hickson, Communities and Economic Wellbeing
Lead Officer	Stephen Douglass, Head of Community Engagement
Report Author	Triumphant Oghre, Commissioning Officer
Version	Final
Dated	17 January 2013
Key Decision?	No

CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	**Comments included**
Strategic Director of Finance and Corporate Services	Yes	Yes
Director of Legal Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	17 January 2013	