

Government White Paper Annex G

The third sector

Our ambition

G1 To deliver the ambitions in this White Paper, local government will need to work in partnership not only with other statutory bodies but also with the third sector. Many local authorities already work closely and effectively with the third sector, but we know that barriers remain to the sector's full involvement. Their expertise and enterprise needs to be harnessed and developed to enable local authorities to fulfill their place-shaping role.

G2 We want the best local partnership working between local authorities and the third sector to be the rule, not the exception, and for the sector to be placed on a level playing field with mainstream providers when it comes to local service provision.

The challenge

G3 Significant progress has been made in strengthening the role of the third sector in local and civil society, for example 98% of local authorities now have a Compact between government and the third sector published or in development. Over 65% of the £1.7 billion Supporting People programme is being delivered by the third sector. And Local Area Agreements (LAAs) are securing greater involvement of the sector in setting local priorities and delivering services.

G4 We have also established the Office of the Third Sector (OTS) with a new Minister to work as an advocate for the sector across Government.

G5 However, important challenges remain. Engagement between the local voluntary and community bodies and Local Strategic Partnerships (LSPs) is inconsistent at best and weak at worst. Short-term funding arrangements are affecting the stability of many third sector organisations and many commissioning practices are too short-term and narrow in focus, neither addressing the causes of problems, nor making best use of the skills and capacities of the third sector (or indeed other providers).

How the White Paper will meet the challenge

G6 This White Paper recognises the diverse nature of the third sector and the different roles that it plays – shaping and designing effective services, representation and advocacy, lobbying and influencing policy. Our approach to developing and delivering the commitments in the White Paper will similarly recognise the diversity of the sector.

G7 Where the sector seeks to represent local communities, and in particular vulnerable and under-represented groups, the sector should work in partnership with frontline councillors. We will empower the sector and build capacity, alongside other communities of local interest, to provide that voice and accountability.

G8 Some parts of the sector will wish to play a greater role in the delivery of public services. This should be embraced, not only because it will better meet the diverse needs of individuals and communities, but because it also has the potential to deliver value for money and efficiency.

Responsive services and empowered communities

G9 A core principle of this White Paper is responsiveness. In order to identify priorities, meet needs and secure agreement, local authorities need to listen to citizens, services users, local businesses and community groups. The key proposals will:

- Create a new duty so that local authorities are required to take steps, where appropriate, to ensure the participation of local citizens, local voluntary and community groups and businesses;
- Extend the choice local people have over their services, either at the point of access or as a form of redress;
- Increase the involvement of users and communities in commissioning decisions;
- Enhance the right of local people to be heard, by extending the Community Call for Action (CCfA) to all local government services;
- Provide neighbourhoods and communities with opportunities to request local Charters. These would set out the service standards and priorities for action local people can expect from their local authority;
- Encourage the take-up of neighbourhood management schemes in all areas, including making it easier to establish Tenant Management Organisations (TMOs), giving more tenants more control over their homes and neighbourhoods; and
- Reinforce the importance of the user perspective in the judgments of inspectorates, such as the Audit Commission, on the performance of services and of local authorities.

G10 Local community groups have a key role alongside frontline councillors to ensure that these opportunities are communicated to local people and are used to give everyone, not just those who can shout the loudest, a bigger say in shaping their community.

Supporting a strong and healthy local voluntary and community sector

G11 Individuals and communities will need support to make the most of the opportunities for empowerment in this White Paper. We will build on the work established under the Government's Together We Can strategy and develop a support network dedicated to empowering local people and communities.

G12 Sustainable Communities Strategies will provide a framework to promote a strong and healthy local voluntary and community sector which is an essential component of empowering local people, particularly those who are traditionally hard to reach. In order to meet their new duty to ensure community participation in setting priorities and in the design and delivery of local services, local authorities will need to actively involve the third sector whenever it can.

To support this we will be examining in the 2007 Comprehensive Spending Review (CSR07) how best to coordinate CapacityBuilders and ChangeUp funding with the Voluntary and Community Sector (VCS) capacity building efforts in local authorities and LSPs.

G13 We will make it easier for communities and community groups to take on the management or ownership of local authority assets by establishing a fund to give local authorities capital support in

refurbishing buildings marked for transfer to community groups. We have also set up an independent review to consider existing powers and policies relating to community management and ownership, examining their effectiveness at dealing with barriers, and considering new policies to facilitate closer working between communities and local authorities in devolving responsibilities for local assets. The review will conclude in spring 2007.¹

Partners in shaping places

G14 Local authorities will have a stronger leadership role, working with other local statutory bodies, identify and deliver on local priorities. LSPs will be strengthened and their executive boards will become effective forums for strategic decision-making. There is a clear expectation that the local third sector will be actively involved with all LSPs in helping to shape local areas.

G15 To facilitate this, we will work with the national third sector umbrella bodies to establish a standard by which the local third sector will represent itself on LSPs and, more generally, in engaging in local public life. This will help ensure, effective and inclusive engagement across the country. It will be reflected in guidance given to LSPs on involving the sector in their work, including the negotiation of LAAs.

G16 In order to secure better outcomes across a broad range of local priorities, local authorities need to look beyond their own service delivery and consider a wider range of providers. As part of the best value statutory guidance we will establish the key principles of commissioning. These will encourage the delivery of more responsive services, joined-up working and a mixed economy of provision. This will support not only the agenda set out in this White Paper, but also in *Every Child Matters* and *Our health, our care, our say*, and will include, as far as possible, the key funding and procurement principles contained in the Compact.²

Providing fair, sustainable and stable funding for the third sector

G17 To enable the sector to play a full role, it is crucial that it has stable and sustainable funding. Some funding practices have put up unnecessary barriers or placed unnecessary regulation on third sector bodies, and the move towards contracts has been a difficult transition in some areas. We believe that grants, alongside contracts, have a crucial role and should be used where they are more appropriate, particularly in relation to small community groups and when building the capacity of third sector organisations. In response to the forthcoming Local Community Taskforce report, we will consider steps that may be necessary to ensure the continued use of grants, where appropriate, at a local level.

G18 Inappropriately short funding arrangements create inefficiency in local government and lead to financial instability for partner organisations. This is of particular concern to smaller, voluntary neighbourhood-based community groups. Long-term funding is not being advocated for its own sake. The duration of a funding commitment must depend on its purpose and on what achieves best value. In relation to grants, the starting point will be three-year funding in all cases, subject to purpose and normal democratic controls, except where this does not represent best value in individual cases and in terms of overall affordability. This includes funding granted to third sector bodies in the delivery of LAAs and contracts awarded through the Supporting People programme. This will be considered in the assessment of a council's Use of Resources and will be supported by best practice for local government on third sector funding being developed jointly with the Local Government Association, the Audit Commission and CIPFA.

G19 At the same time, three-year funding should not be regarded as a maximum across the board. Where third sector bodies are contracting to deliver public services, the length of these arrangements should be considered on their merits and on a level playing field.

Conclusion

G20 In order to transform communities, local government needs the support not only of other statutory providers, but of all citizens, and the groups that speak for them. This White Paper will enable all parts of the third sector, whether they are local neighbourhood groups or social enterprises and voluntary groups, to be an effective partner of local government in shaping places and leading and building strong, cohesive communities.