

Annual Survey of Local Compacts 2015









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Our annual survey of local Compacts provides a valuable snapshot of cross-sector partnership working across England. In 2015, the transfer of powers from central to local government continued apace, and with a growing number of regions seeking devolution deals, decision-making taken at a local level will increase over the next few years. Against this backdrop, the relationships that voluntary organisations have with local public bodies take on mounting significance.

The purpose of local Compacts is to frame those relationships, and to provide a means for establishing cross-sector dialogue. Our survey shows that Compacts are still a highly valued tool, with an encouraging number of respondents reporting that they had refreshed or renewed their agreement recently, or were intending to do so in the next year. That said, while there is clearly a desire from both sectors to ensure local Compacts remain active and relevant in the face of everchanging local landscapes, our survey also shows that local areas are facing challenges to ensuring their Compacts remain effective. For example, several respondents talked about the difficulty of adequately resourcing their steering group's work, while others cited the need for more promotion and awareness raising activities.

The last few years have seen the fragmentation of local commissioning, and with it, the emergence of several new commissioning structures. Consequently, voluntary organisations have needed to create relationships with a new set of public sector partners. Our survey indicates that these relationships are being established; Clinical Commissioning Groups (CCGs), Police and Crime Commissioners (PCCs) and Local Enterprise Partnerships (LEPS) are all becoming more common signatories to local Compacts, although fewer LEPs were reported to be working with the voluntary sector than in 2014.

Local voluntary sector infrastructure organisations continue to be the most common signatories to local Compacts. Given the role they frequently play in acting as a conduit for public bodies to engage with the wider voluntary sector, this should be no surprise. However, it makes the recent spate of infrastructure body closures all the more concerning. Monitoring the health of local infrastructure and its impact on cross-sector partnership working will be an important task for both sectors going forward.

As well as examining the health of local Compacts, our survey also looks at the impact on local partnerships of changes to policy and the voluntary sector's external operating environment. Of particularly concern this year was the issue of the voluntary sector's ability to act independently. Despite the national Compact enshrining the sector's right to campaign, regardless of any funding relationships with statutory bodies, this is an area that has come under increased pressure in the past year. At the time of going to print, the government was in the process of rolling out an "antilobbying, anti-sock puppet clause", which was introduced into DCLG grant agreements in 2015. Unsurprisingly then, our survey shows an increasing nervousness within the sector around respect for its independence, a worrying trend that looks set to continue in the near future.

Perhaps of equal concern are cuts to local authority budgets. The vast majority of our survey respondents said they had experienced cuts to their funding in the last year, with similar numbers anticipating further reductions in the next 12 months. The fact that the majority of our voluntary sector respondents stated that these cuts had not adversely affected their relationships with

funders speaks to the strength of some of these cross-sector partnerships and the desire to maintain them going forward.

Policy changes such as the Social Value Act and health care reforms, and trends towards larger contracts and Payment by Results (PbR), clearly also have the capacity to radically alter the character of commissioning at a local level. Only a third of respondents that had been required to demonstrate their social value and could confirm that their area had a social value framework in place, suggesting this opportunity to improve commissioning is not yet being fully realised. Meanwhile, only a small number of voluntary sector respondents reported having delivered a PbR contract, suggesting that fears such contracts are barriers to voluntary sector involvement in public service delivery are well-founded.

The overall picture emerging from our survey is of local Compacts continuing to be a vital tool for cross-sector engagement, and for helping to establish relationships between the voluntary sector and local statutory bodies, including 'new commissioners' such as CCGs, PCCs and LEPs. Despite some of the challenges identified, both sectors continue to be committed to working in partnership to ensure communities receive well-designed and responsive public services. However, these partnerships will require support from both local and national government, and voluntary sector bodies if they are to thrive against a backdrop of decreased public spending.

Key findings

- 20 percent of respondents said their local Compact was refreshed in the past two years. A third said they are planning to renew theirs over the coming year.
- The new commissioning bodies that have emerged in recent years are increasingly finding local Compacts a valuable tool for facilitating cross-sector relationships and partnership working: 47 percent of respondents said a Clinical Commissioning Group (CCG) was signed up to their local Compact, up from 41 percent in 2014; 18 percent said a Police and Crime Commissioner was a signatory, up from 12 percent in 2014; and 11 percent counted a LEP as a Compact partner, up from 8 percent in 2014.
- Of the new commissioning structures that have emerged in recent years, Clinical Commissioning Groups have the highest level of engagement with the voluntary sector, with 80 percent of respondents saying they work together in their area.
- The vast majority of respondents 80 percent said they either agreed or strongly agreed that the Compact is important and effort needs to be made to implement it in full.
- 'More promotion and awareness of the Compact' continues to be the most popular option for improving the effectiveness of local Compacts, with 'Leadership from senior officers in the public sector' and 'building better links with local commissioners' second and third respectively.
- Almost half 48 percent of voluntary sector respondents believe the sector's ability to act independently and campaign freely has declined over the past 12 months, up from 32 percent in 2014.
- 65 percent of voluntary sector respondents said they had experienced cuts over the past 12 months.

- The majority of respondents 70 percent anticipate a reduction in funding over the next 12 months. Only 7 percent expect the funding picture to be a positive one.
- Given the tough funding environment confronting both sectors, it is reassuring that 76
 percent of voluntary sector respondents said their relationships with commissioners have
 either stayed the same or have improved over the past 12 months.
- Compact groups are working well, but it is clear some are struggling with resourcing their work. This was the most commonly cited challenge this year, echoing the findings of previous years.
- Infrastructure organisations continue to play a key role in local Compacts, with 92 percent of respondents saying their local infrastructure body is a signatory.
- The vast majority of respondents said they had heard of the Social Value Act. However, only 29 percent said their local Compact or partnership group had agreed on a definition of social value, and only 33 percent of voluntary sector respondents said they had been asked to demonstrate their social value.



This year we received 97 responses to our annual survey of local Compacts – an increase on the 80 responses collected in 2014. This gave us a fairly representative sample from across different regions and sub-sectors, providing insights into the health of local Compacts and the impact of new policies and changes to respondents' external environments. Approximately three-quarters of respondents were from the voluntary sector. Of these, the respondents were split fairly equally between frontline voluntary sector organisations and local infrastructure organisations. Of the other respondents, the majority were based in local authorities, with the remainder coming from various other public sector bodies.

For this year's survey we repeated the same questions asked in 2014. While this included fewer questions than the preceding three years, to enable us to highlight developing trends we repeated many of the same questions asked since 2011. Because the response count was fewer than 100 and each question optional, in most cases the results below have been expressed in both number of respondents and percentages to allow for comparison with previous year's findings. In each case percentages have been rounded to the nearest whole number, meaning that some totals do not add up to 100 percent.

Section 1: The health of local Compacts

This section of the survey examines the general health of local Compacts from across the country by asking questions about local Compact renewal activities; the prevalence of Compact champions; how active steering groups are; the use of dispute resolution procedures; perceptions of the Compact; and the voluntary sector's ability to act independently.

Local Compact renewal

In which year was your local Compact last renewed/refreshed?

Previous surveys have shown that the process of renewing and refreshing local Compacts usually takes place every three to four years to reflect new local circumstances and priorities. Encouragingly, a relatively high proportion (20%) of the 95 respondents who answered this question said their local Compact was refreshed in the past two years (2014-15), with the same proportion reporting a renewal date between 2010 and 2013. This suggests the Compact is very much alive and well in many areas and continues to be a valuable tool for facilitating cross-sector relationships and partnership working.

That said, nearly half of respondents said they were unsure when their local Compact was last refreshed. The reason for this lack of awareness is unclear, but it is likely due to this information not being publicly available or easily accessible. This uncertainty also leaves open the possibility that other areas have refreshed their local Compact in recent years, but that respondents were unaware this had happened.

Are you planning to renew or refresh your Compact in 2015/16?

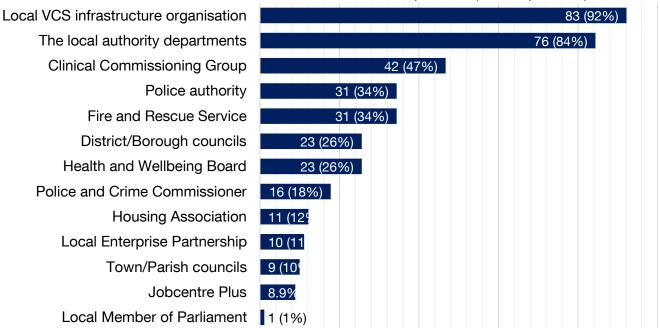
Respondents were also asked if they are planning to refresh their Compact in 2015/16. Of the 87 that answered this question, 34 percent said they are planning a renewal over the coming year. While this is slightly down on the 41 percent reported in 2014, it is comparable to the 35 percent who reported a planned refresh in 2013. This high level of planned activity suggests that the Compact continues to be an effective and valuable mechanism for forming partnerships across sectors, and may reflect a continued drive by the voluntary sector to engage with the new commissioning bodies that have emerged in recent years.

Who is signed up to your local Compact?

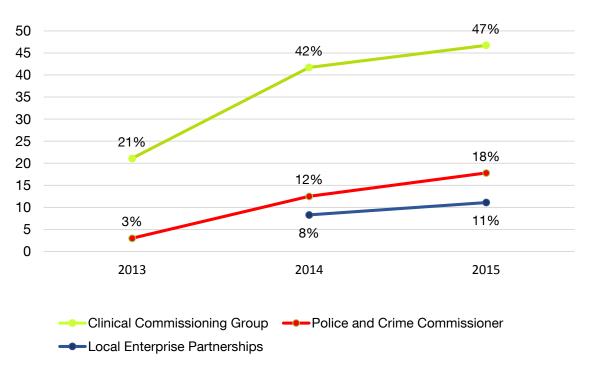
In recent years there has been a decrease in the number of local authorities who are signed up to their local Compact. In 2012, 100 percent of respondents reported that their local authority was a signatory. In 2013 this had dropped to 98 percent and in 2014 is was 92 percent. This year saw a continuation of this downward trend with 84 percent of respondents saying their local authority is signed up to their local Compact. A comparable trend has occurred with district/borough and town/parish councils, police authorities and fire and rescue services. The precise reasons for this decrease will differ from area-to-area and between bodies, but it may be due to a parallel increase in sign-up from the new commissioning bodies that have emerged in recent years, which have assumed many of the commissioning and engagement functions that were previously the responsibility of more traditional Compact partners such as local authorities.

Signatories to local Compacts





Emerging trends - 'new commissioners' signed up to a local Compact



Note: Data on Local Enterprise Partnerships for 2013 is unavailable.

This year 47 percent of respondents said a Clinical Commissioning Group (CCG) was signed up to their local Compact, up from 41 percent in 2014 and 21 percent in 2013. A similar upward trend has occurred with the number of Police and Crime Commissioners (PCCs) who are Compact signatories; this year 18 percent of respondents said a PCC was signed up to their local

Compact, up from 12 percent in 2014 and only 3 percent in 2013. Meanwhile the number of Local Enterprise Partnerships (LEPs) that have become signatories to their local Compact has also increased; this year 11 percent of respondents counted a LEP as a Compact partner, up from 8 percent in 2014. This 3 percent rise is a welcome, albeit modest, increase given that this is an important area of engagement - in terms of delivering employment and skills services and accessing EU funding - which is proving challenging for many voluntary organisations.

These findings suggest that the new commissioning bodies that have emerged in recent years are increasingly finding local Compacts a valuable tool for facilitating cross-sector relationships and partnership working. Compact Voice has published a 'Partnership Working Toolkit for Voluntary Organisations' which outlines the roles and responsibilities of each of the new commissioning bodies. It also outlines practical steps to take to improve engagement with these bodies, and is accompanied by a number of practical tools.

Local infrastructure organisations continue to enjoy a high level of engagement with their local Compact, with 92 percent of respondents saying their infrastructure body is a signatory. This figure has remained steady over the last two years: 96 percent in 2014 and 90 percent in 2013. When considered alongside the increase in new commissioning bodies that are signed up to local Compacts, this finding suggests infrastructure organisations continue to play an pivotal role in providing voice and representation for their members at a time when commissioning becomes more fragmented and localised.

Compact champions

Some local Compacts recruit people to act as 'champions' for their local Compact within their organisation. These Compact Champions act as a signpost for their local Compact by referring and engaging people in the process, flagging up compliance issues and sharing examples of good practice.

Of the 60 who answered this question, 33 percent said they have Compact champions in their area. This number marks a significant increase on the 13 percent reported in 2014 and is closer to the 45 percent who answered yes in 2013. The reason for this fluctuation is unclear, but the findings do show that many areas continue to find this method of promoting the Compact useful.

Steering groups

Many local Compacts have a 'steering', 'working' or 'implementation' group consisting of representatives from the public and voluntary sector. These groups meet to discuss issues related

to the local Compact and cross-sector partnership working, plan Compact-related activities, and act as a sounding board for policies and ideas.

Of the 96 respondents who answered, 41 percent said their local Compact has an implementation, steering or working group, slightly down on the 48 percent who said they had one in both 2014 and 2013. A similar downward trend is reflected in the number of times these groups met in the last 12 months – an average of 3.4 times, down on the 3.7 reported in 2014.

"Our Implementation Group is an effective group which drives Compact work" – voluntary sector respondent "We are bringing in partners that have been less involved like the LEP...and the business sector" – public sector respondent The average number of attendees at these meetings was 6.9 for both the voluntary and public sectors. While this is comparable to the number of voluntary sector attendees reported in 2014, it is significantly down on the average number – 12.2 - of public sector attendees. Drawing solid conclusions from these findings is problematic, but the parallel decrease in the number of steering groups, meetings and attendees could be symptomatic of the increasingly difficult funding environment both sectors face, as Compact steering

groups require time and resources to operate. However, short term savings can often lead to escalating costs further down the line as policies and services suffer from poor design and implementation, a negative trend that increasingly characterises public service commissioning more generally.

In response to the question 'what needs to be done to make your Compact steering group/implementation group more effective?' we received 29 suggestions, some of which are included below. While Compact groups are working well, it is clear some are struggling with resourcing their work. As in 2013 and 2014, this was the most commonly cited challenge this year.



Dispute resolution procedures

A dispute resolution procedure refers to a formally agreed process for reporting disputes within a partnership, and/or of breaches of the Compact. Clear steps are typically defined for the reporting and progress of a dispute towards a resolution. Many local Compacts have a dispute procedure set out in the document.

Of the 91 respondents who answered the question, 42 percent said a dispute resolution process had been developed for their local Compact, while 15 percent said they did not have one. A further 42 percent of respondents did not know whether a procedure was in place, which perhaps points towards a lack of promotion and awareness for this potential route for settling disagreements.

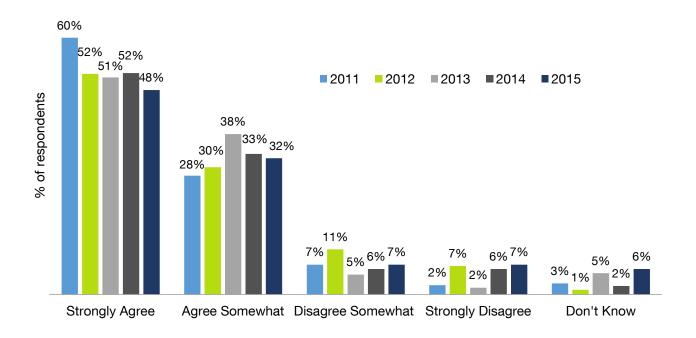
20 percent of respondents who said their local Compact had a dispute resolution process reported it being used in the last 12 months, up from 9 percent in 2014. The reason for this increase is unclear. Four respondents said these disputes had been resolved, suggesting that the Compact continues to provide an effective mechanism for settling disagreements in some areas.

Compact Voice's <u>Partnership Working Toolkit</u> outlines steps to take to develop a dispute resolution procedure and contains a <u>sample template</u> to base one on.

Perceptions of the Compact

For the fourth year running we asked respondents to assess to what extent they feel they are actively engaged in and committed to their local Compact. 80 percent of the 87 respondents who answered this question said they either agreed or strongly agreed that the Compact is important and effort needs to be made to implement it in full. This figure has remained relatively constant at between 85 and 89 percent for the past five years, with a comparable level support from both voluntary and public sector respondents.

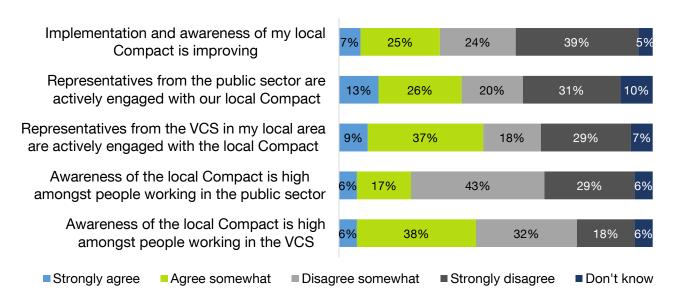
The Compact is important and effort needs to be made to implement it in full:



The peak in support for the Compact in 2011 is likely due to the launch of the renewed Compact in late 2010. The national promotional campaign surrounding the launch undoubtedly boosted awareness and understanding of its benefits, although five years on, it is reassuring that this support has remained so high.

We also asked the same 87 respondents how much they agreed or disagreed with a set of statements about their local Compact. These are reflected in the graph below.

How much do you agree or disagree with the following statements and your local Compact?

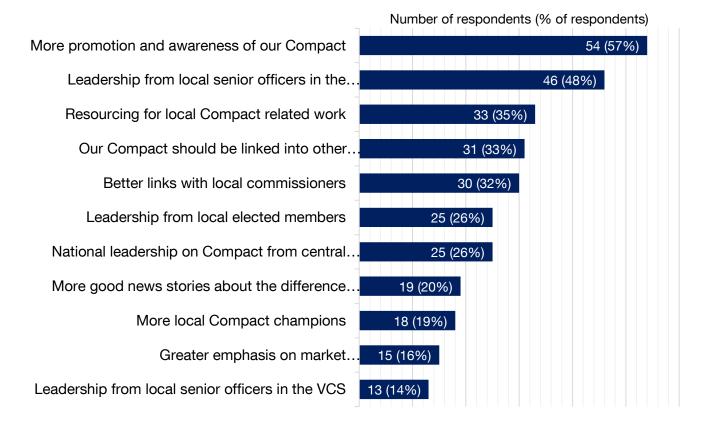


The graph above largely mirrors the findings of 2014's survey in that it provides a mixed picture of overall perceptions of local Compacts. In contrast to the vast majority of respondents who consider the Compact and its implementation important, only 32 percent of respondents believe the implementation and awareness of their local Compact is improving. Similarly, responses to questions of engagement and awareness – from both sectors - while relatively positive, also show much room for improvement. This is most evident with awareness of local Compacts amongst workers in the public sector, with only 23 percent of respondents agreeing this is high. So while there remains a high level of support for the Compact across both sectors, many respondents believe awareness and engagement could be higher.

Improving the effectiveness of local Compacts

Respondents were asked to choose three actions which they think need to happen to improve the effectiveness of their local Compact. The table below lists these in order of priority.

Improving the effectiveness of local Compacts



Since 2011 more promotion and awareness of the Compact has been the most popular answer to this question, increasing from 46 percent of respondents in 2014 to 57 percent this year. Perhaps unsurprisingly leadership from senior officers in the public sector was the second most common choice. This is often cited as an essential requirement for improvements in a number of other areas of public service delivery, whether it be effective procurement, commissioning for social value or good partnership working more generally.

As suggested by the slight decline in the number of steering groups and related meetings mentioned on page 7, resourcing local Compact-related work was also considered by many respondents – 35 percent – to be important for improving the effectiveness of local Compacts. And as commissioning becomes more fragmented and localised – as demonstrated by the emergence of CCGs, PCCs and LEPs in recent years - building better links with local commissioners received a comparable level of responses, with 32 percent of respondents ranking this option as one of their three choices.

Respect for voluntary sector independence

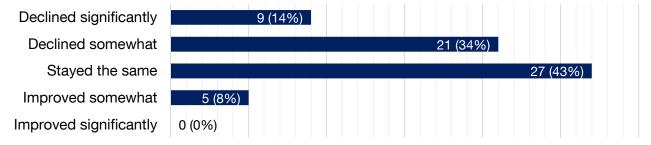
Principle one of the national Compact asks public bodies to respect and uphold the independence of voluntary organisations. Independence is defined as not only having freedom from undue control and influence, but having the positive freedom to challenge and campaign, as long as this activity is not party political. This freedom should be respected regardless of any funding relationship that may exist.

We asked respondents to consider how they think the voluntary sector's ability to act independently and campaign has fared over the past 12 months. Notably this survey was run from

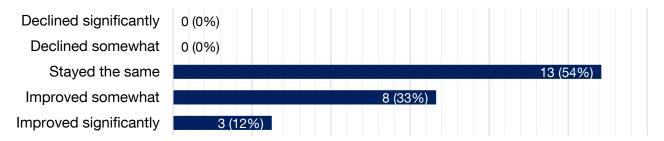
September to October 2015, before the government's announcement in February 2016 that it would be rolling out an 'anti-lobbying' clause to all grant agreements.

Over the past 12 months, do you think respect for the voluntary and community sector's ability to act independently and campaign freely has:

Voluntary sector respondents:



Public sector respondents:



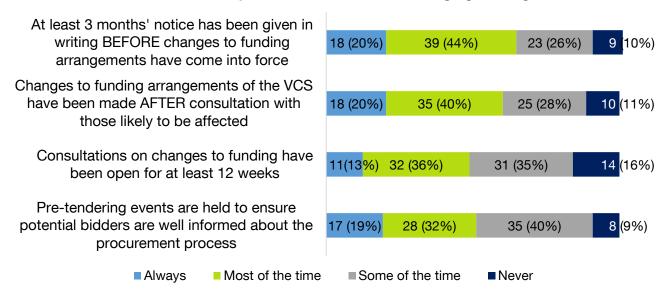
Our findings highlight a clear divergence of opinion between the public and voluntary sector respondents. Notwithstanding the similar proportion from each sector who felt the sector's independence has stayed the same over the past year, 48 percent of voluntary sector respondents believe it has declined, while a similar proportion - 45 percent - of public sector respondents said it has improved.

It is perhaps unsurprising that this difference of opinion exists. It is likely that many of the public sector respondents to this survey do indeed respect the independence of voluntary organisations and therefore do not recognise the loss of independence that the sector feels has happened. Voluntary sector respondents are more likely to be aware of developments such as the initial introduction of the 'anti-lobbying' clause in 2015, the Lobbying Act and funding challenges that have left many feeling the sector's independence is at risk of being eroded.

Actions taken by local authorities when changing funding

We asked respondents to consider four statements which indicate how often Compact principles were followed when local authorities considered changing or ending funding over the past 12 months. Results were similar to last year for each of the four statements. The main difference was that for each statement the number of respondents that told us the scenario presented had 'never' occurred has slightly risen, and the number that told us it 'always' occurred as somewhat fallen.

Actions taken by local authorities when changing funding



Encouragingly, 64 percent of respondents said at least 3 months' notice has been given in writing BEFORE changes to funding arrangements have come into force 'always' or 'most of the time'. However, the fact that 36 percent of areas provided the requisite notice only 'some of the time' or 'never' is less positive, particularly given the limited financial reserves many voluntary organisations operate with¹ and local authorities' obligations under the Government's Best Value Statutory Guidance². Interestingly, the findings of this question have remained largely comparable since it was first asked in 2012.

The second statement asking whether changes to funding arrangements of the voluntary sector have been made AFTER consultation with those likely to be affected, seeks to establish that consultations have taken place and whether decisions have already been taken at the time of consultation. It is concerning that over a third of respondents said these standards had been met only 'some of the time' or 'never' in the past 12 months. Consultation prior to such changes should be seen as a prerequisite for decisions that affect the voluntary sector, as supported both by the Best Value Statutory Guidance and commitments made in many local Compact agreements.

In response to the third statement asking whether consultations to changes to funding had been open for at least 12 weeks, 16 percent said this 'never' happened over the past 12 months. While we recognise there are certain circumstances where common interests dictate that consultation periods be shorter than the 12 week minimum recommended by the Compact, it is worrying to note a trend since 2012 where this is happening less often. In 2012 only 2 percent of respondents said consultations were never open for 12 weeks, increasing to 9 percent in both 2013 and 2014. In 2012 Compact Voice published 'Ensuring Meaningful Engagement when Consulting' guidance which provides a benchmark for the minimum expectations of government in order for their

²https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/418505/Revised_Best_Value_Statutory_Guidance_final.pdf

http://data.ncvo.org.uk/a/almanac14/how-much-does-the-voluntary-sector-hold-as-reserves-3/

³ Compact Voice: 'Ensuring Meaningful Engagement when Consulting': <u>www.compactvoice.org.uk/resources/publications/ensuring-meaningful-engagement-when-consulting</u>

engagement in consultations to be considered meaningful – in particular where the consultation time is restricted to less than 12 weeks.

Responding to the fourth statement, 19 percent of respondents said pre-tendering events are 'always' held to ensure potential bidders are well informed about the procurement process. This marks a steady increase since 2012 when 13 percent said this engagement always happens. The fact that 91 percent of respondents said pre-tendering events are used in their area at least sometimes is encouraging, as engagement at this stage is important for ensuring the voluntary sector is able to participate in public service delivery.

Section 2: Impact of policy changes on the voluntary sector

This section examines respondents' understanding of recent policy developments, including cuts to funding, Payment by Results contracts, the Public Services (Social Value) Act 2012 and health and care reforms. Gathering this information both helps us to support the voluntary sector by highlighting what issues policymakers should focus on and sharing this information with partners in both the voluntary and public sector.

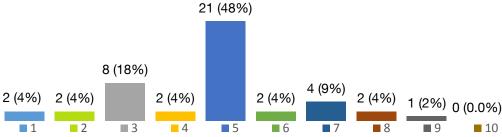
Funding and cuts

We asked respondents a number of questions about their funding. Perhaps unsurprisingly given wider reductions in public spending, 92 percent of public sector respondents and 65 percent of voluntary sector respondents had experienced cuts.

The period 2013-14 saw an increase in the number of respondents who reported cuts to their funding. In 2013, 84 percent of local authority respondents had experienced cuts, rising to 95 percent in 2014. The same period saw the voluntary sector's situation remain largely stagnant at between 71 and 72 percent. When random variations in the respondent sample are considered, this year's findings point towards a funding picture which has remained largely unchanged for both sectors since last year.

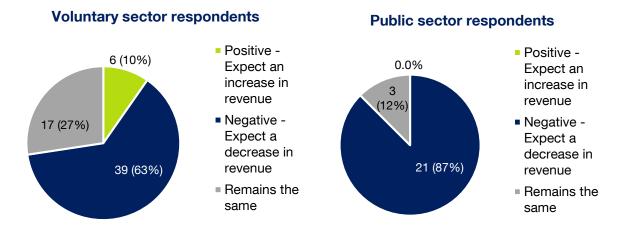
We also asked whether or not these cuts had led to a positive or negative impact on local partnerships. Encouragingly nearly half of respondents said their relationships had stayed the same, a welcome increase on 28 percent in 2014, while 30 percent said these cuts had had a negative effect on their relationships, down from the 39 percent who reported this in 2014.

How much have these cuts affected your relationships with funders? (voluntary sector respondents)



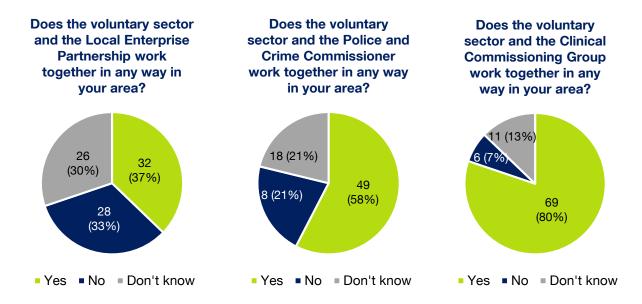
1='a seriously negative impact on relationships'; 5='relationships have remained the same'; 10='positively impacted on our relationships

Perhaps unsurprisingly, and reflecting the findings above, 63 percent of voluntary sector respondents expected a worsening economic situation, compared to 87 percent of public sector respondents. Similarly, 10 percent of responds from the voluntary expect to see an increase in revenue compared to none from the public sector.



Commissioners and the voluntary sector

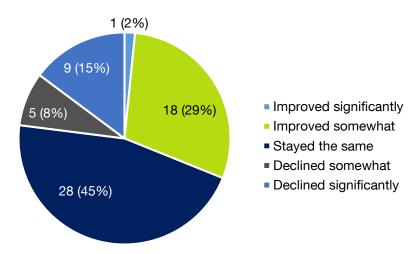
70 percent of the 86 respondents who answered the question said commissioners in their local area work with voluntary sector organisations when developing, designing and procuring services. When filtered by voluntary sector respondents only this figure dropped slightly to 62 percent. While this figure is reasonably encouraging, particularly when the 10 percent of respondents who said they 'don't know' is considered, it does leave room for improvement. With their close connection to communities and service users, particularly disadvantaged and marginalised groups, the voluntary sector is an indispensable partner for commissioners, both for identifying need and delivering effective services. Engagement between the two sectors should therefore reflect this necessity. We also asked a similar question regarding engagement between new commissioning bodies and voluntary organisations:



Out of the new commissioning structures that have emerged in recent years, Clinical Commissioning Groups have the highest level of engagement with the voluntary sector with 80 percent of respondents saying they work together in their area – a slight increase on the 79 percent who responded similarly in 2014. The number of respondents who said the Police and Crime Commissioner works with the voluntary sector in their area also enjoyed a modest increase from 55 percent in 2014 to 58 percent this year. However, is a marked decrease in the number of respondents who said the voluntary sector works with the Local Enterprise Partnership in their area, down from 55 percent in 2014 to only 37 percent in 2015. The reason for this decline is unclear, but the discrepancy could be partly explained by the large proportion of respondents – 30 percent – who said they 'don't know' whether these relationships exist or not.

Additionally, we asked voluntary sector respondents whether their relationships with commissioners had improved over the past 12 months.





Given the tough funding environment confronting both sectors, it is reassuring that 76 percent of voluntary sector respondents said their relationships with commissioners have either stayed the same or have improved over the past 12 months. This does, however, leave nearly a quarter of respondents reporting a decline in their relationships with commissioners over the same period. Compact steering or implementation groups are one way these relationships can be maintained, restored or improved, although as highlighted above, many of these groups are suffering from a lack of essential resourcing.

Engagement with and understanding of health and social care

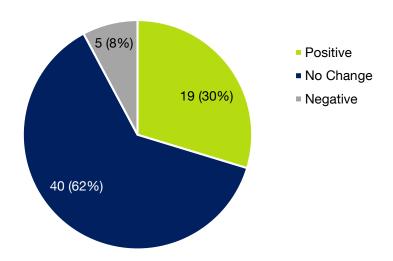
We asked a series of questions about health and social care, in order to gain an understanding of how organisations were responding to some of the changes to policies and programmes in this area. Two key aspects of the Care Act 2014 include:

Statutory duties for local authorities that when making a decision about an adult, they
must consider their wellbeing.

It also places a duty on local authorities to consider preventative services, for example
 <u>early intervention</u> and <u>social prescribing</u> - both of which present opportunities for voluntary
 organisations.

Of the 86 respondents who answered the question, 80 percent said that their organisation had some involvement in health and social care. Of these, the vast majority - 94 percent - said they were familiar with the Care Act 2014 and the changes it has introduced. We then asked these respondents about the impact of the Care Act on local partnerships.

What impact do you think the Care Act has had on local partnerships between voluntary organisations and public bodies?



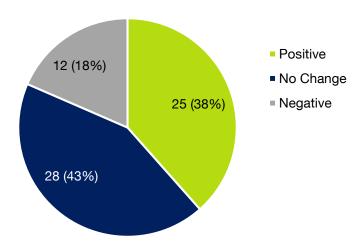
This year's survey shows only 30 percent of respondents saying the Care Act has had a positive effect on local partnerships, down from 50 percent in 2014. The precise reason for this 20 percent decline is unclear, but anecdotal evidence suggests that the optimism that initially greeted the introduction of the Care Act has somewhat diminished as opportunities that were initially expected have failed to materialise. This could be due to the barriers that increasingly characterise local government procurement practice more generally, such as the use of everlarger contracts and the prioritisation of cost over quality and value for money. These barriers are preventing many voluntary organisations from delivering services and are potentially impeding the objective of the Act to create a commissioning environment which focuses on outcomes, promotes wellbeing and quality, and recognises the diversity and sustainability of local markets.

We also asked respondents whether they thought the transfer of public health from the NHS to local government⁴ has had a positive or negative impact on their partnership working.

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⁴ In 2013, public health transferred from the NHS to local government. This transfer represented a significant extension of local government power and duties, and was intended to create a shift from treating sickness to actively promoting health and wellbeing.

Public Health made the formal transfer to local government in 2013. What impact do you think this is having on local partnerships between voluntary organisations and public bodies?



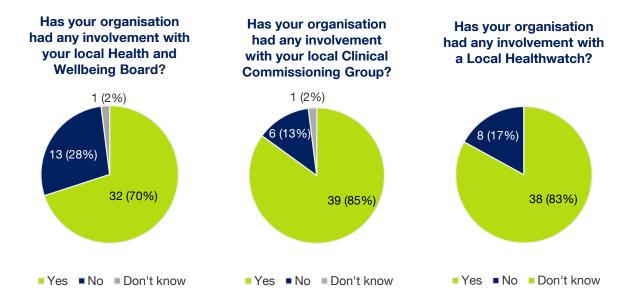
Responses to this question broadly echo the decline highlighted in the previous question, with 38 percent saying the transfer of Public Health had had a positive effect on local partnerships, down from 53 percent in 2014. Furthermore, this year 18 percent said the transfer of powers had had a negative impact, up from 10 percent in 2014. Again, the precise reason for this decline is unclear, but emerging evidence suggests many of the prevention and early intervention services - often delivered by the voluntary sector - associated with public health are being adversely affected by the substantial cuts that local government have shouldered in recent years. We also asked voluntary sector respondents involved in health, care or related services about their level of engagement with three relatively new health bodies: Health and Wellbeing Boards, Clinical Commissioning Groups and Local Healthwatch⁶.

⁵ A 2016 survey by the Association of Directors of Public Health (ADPH) found that 78% of Directors of Public Health believe that cuts to English Local Authority public health grants will have a detrimental impact on health and many prevention and early intervention services carried out by councils http://www.adph.org.uk/wp-content/uploads/2016/02/ADPH-Press-Release-Impact-of-Funding-Reductions-on-Public-Health1.pdf

⁶ **Health and Wellbeing Boards** are local partnerships which bring together those responsible for commissioning health and care services locally.

Clinical Commissioning Groups are responsible for commissioning a range of services, including rehabilitation care, community health services and planned hospital care. CCG boards are made up of GPs, at least one registered nurse, and one hospital-based doctor who work with in partnership with local authorities and communities.

Local Healthwatch is the consumer champion for health and social care patients, service users and carers. They have a community engagement function and responsibility for advice and signposting to local health and care services, as well as providing complaints advocacy for those who have experienced poor services. Every local authority in England has a duty to commission a Local Healthwatch.



As noted above, local Compacts increasingly count Clinical Commissioning Groups amongst their signatories, so it is reassuring that vast majority of voluntary sector respondents involved in health and social care also said their organisation had engaged with their local CCG. Similarly encouraging is the large proportion of respondents who also said they were involved with their local Health and Wellbeing Board and local Healthwatch. The voluntary sector's expertise is vital for ensuring health services are designed and commissioned effectively and engagement with these bodies is key to this.

Payment by results

'Payment by Results' (PbR) is the practice of paying providers for delivering services after agreed results have been achieved. However, PbR contracts often require a significant amount of upfront capital and can involve a degree of risk that precludes the involvement of many smaller voluntary organisations, even if they are the most appropriate provider of the service. As such, the Compact's undertakings for government include that they should consider a range of ways of funding or resourcing voluntary organisations. It commits government to work towards removing barriers – such as solely PbR contracts – that might prevent voluntary organisations from accessing government funding.

This year only 14 percent of the 51 voluntary respondents who answered the question said they have delivered a contract on a PbR basis, down from 20 percent in 2014. This low number perhaps reflects the financial risks involved in delivering PbR contracts, many of which preclude voluntary sector involvement. In 2013, we asked a similar set of questions regarding PbR which found that 86% of respondents from the voluntary sector said that the financial risks involved in taking on a contract of this kind would limit their capacity to compete for them.

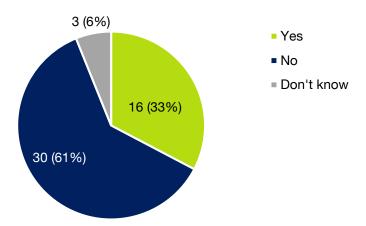
Social value

The Social Value Act⁷ came into force on 31 January 2013. It has since enjoyed wide support across the political spectrum and the voluntary sector. The concept of social value is embedded in the national Compact, which contains the following definition:

'Social value encompasses a broad concept of value by incorporating social, environmental and economic costs and benefits. This means that as well as taking into account the direct effects of interventions, the wider effects on other areas of the economy should also be considered.'

The vast majority – 86 percent - of the 85 respondents who answered the question said they had heard of the Social Value Act, a figure comparable to the 91 percent of 2014. A large proportion – 71 percent - also said they understand what the Social Value Act entails. However, only 29 percent said their local Compact or partnership group had agreed on a definition of social value. Providing a clear definition of what social value as a concept means within a local area is helpful for ensuring it is understood by all parties and is properly embedded in commissioning processes. One of the biggest challenges facing commissioning for social value is how to measure outcomes. Having an agreed definition that both sectors subscribe to is an important step towards this, so that voluntary organisations know how to demonstrate their added value in conversations with commissioners, and public bodies know what to specify in contract specifications. The fact that less than a third of areas have agreed on a shared definition is perhaps symptomatic of the reduction in capacity and frequency of Compact steering group meetings noted above.

Since the implementation of the Social Value Act in January 2013, has your organisation been involved in a process where it has had to demonstrate social value? (voluntary sector respondents)



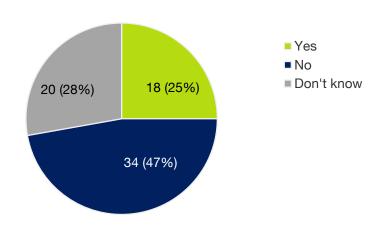
Only 33 percent of voluntary sector respondents said they have had to demonstrate their social value. Once again this finding is somewhat disappointing, particularly given the initial high

⁷ **The Public Services (Social Value) Act** asks for all public bodies to consider the added social, economic and environmental value when designing public service contracts, instead of considering cost alone. Social value is important because it provides a framework for commissioners to consider how to best maximise the potential value for money of public services.

expectations that accompanied the Social Value Act to provide more service delivery opportunities for voluntary organisations⁸, and the requirement it places on public bodies to ensure the wider economic, environmental and social well-being of an area is considered when services are commissioned.

Some areas in England have developed frameworks for measuring social value, based on their local priorities and commissioning processes. This year a quarter of respondents said their local area has a social value framework, slightly up on the 19 percent reported in 2014.





While the increase on 2014 is welcome, it is disappointing that so far only a quarter of respondents said their area has implemented a social value framework. The process of renewing a local Compact usually engages a range of partners from across different sectors, including different commissioning bodies, and is an ideal forum for agreeing such a framework. Greater effort from central Government to implement the Social Value Act, including statutory guidance and training for procurement professionals, would also encourage more public bodies to develop shared definitions and measurement frameworks, and procure more services that incorporate social value outcomes.

Conclusion

Our survey shows that the Compact continues to be a valuable mechanism for engagement between the voluntary and public sectors, and that new commissioning bodies such as CCGs, PCCs and LEPs are increasingly likely to sign up to local Compacts. The importance of these partners for the voluntary sector, along with the value that local areas place on partnership agreements means it is imperative that these relationships and local Compacts continue to be supported by both sectors.

⁸ Chris White MP, who introduced the Act in 2010, said: "The aim of the Act is to support community groups, voluntary organisations and social enterprises to win more public sector contracts and to change commissioning structures so that a wider definition of value rather than just financial cost is considered."

While support for the Compact remains strong, our survey suggests there are fewer Compact steering groups; that group meetings happen less often; and that they require more resources to operate. In light of cuts to local authority budgets, it is perhaps not surprising that support for such groups has reduced. However, it is worth noting that the health of these groups is important for fostering local partnership working, and that failure to resource them could lead to escalating costs further down the line as services become less responsive and poorly designed.

The indispensable role local voluntary sector infrastructure bodies play in facilitating engagement between public bodies and the wider voluntary sector is clear from their participation in the vast majority of local Compacts. However, recent closures have shown that the very existence of many of these organisations is under threat. It is vital that the importance of such bodies is recognised, and that they are properly resourced so that they can continue to provide voice and representation to the voluntary sector at the local level, and contribute to the ongoing development of public services, for example establishing social prescribing mechanisms in their area.

Recent health care reforms such as the Care Act and the transfer of Public Health to local government appear to be viewed much less positively than they were last year. Meanwhile, the Social Value Act is only managing to embed social value in a minority of public services contracts. There remains a danger that public bodies continue to put too much emphasis on cost when evaluating bids, and are letting increasingly large contracts which can exclude many smaller and medium sized organisations from service delivery, to the detriment of both users and the exchequer. Similarly, our survey shows fewer organisations are delivering payment by results contracts, perhaps reflecting the undue risks involved in this type of funding. The voluntary sector should therefore continue to make the case to policymakers for removing these and the many other barriers⁹ that prevent voluntary organisations from participating in public procurement over the coming year.

Finally, and perhaps most significantly, our survey shows that many voluntary organisations believe their independence to be under threat. Indeed, following this survey the Cabinet Office have decided to insert an anti-advocacy clause in all government grants from 1 May 2016. This move is inconsistent with the Compact and will likely compound existing concerns that the ability of voluntary organisations to speak out on behalf of their beneficiaries is being eroded. How this development impacts on local partnerships up and down the country will need to be closely monitored going forward.

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⁹ Ten procurement barriers affecting charities and social enterprises http://www.ncvo.org.uk/images/documents/policy and research/public services/ten-procurement-barriers-affecting-charities-and-social-enterprises.pdf