

Briefing Paper for Scrutiny, 18th August 2016

Commissioning Arrangements with the Voluntary and Third Sector

1 PURPOSE AND SUMMARY

- 1.1 **The purpose of this briefing paper is to explain the Council's commissioning arrangements with the voluntary and Third Sector, in response to the request from Greenlaw and Hume Community Council earlier in 2016.**
- 1.2 SBC has a long standing commitment to supporting its voluntary and Third Sector (referred to as "the Third Sector") with around 23% of the overall procurement spend being spent on Social Care services commissioned by the Council and delivered by Third Sector organisations.
- 1.3 Third Sector suppliers are well positioned to support the delivery of Council responsibilities and with the majority being locally based and generating local impact, these suppliers are also supporting economic growth within the area.
- 1.4 To best explain the extent of these arrangements, an independent 2014 report, compiled by Ready for Business and including detailed information about the extent and value of this Council's engagement with the sector has been used.
- 1.5 The data used to create the benchmark information in the 2014 report related to the financial year 2012/13. Since then, the key change to the data would be the inclusion of the new "Live Borders" contract and its associated value. This would positively impact the outcome by increasing relatively the overall figures contained in the original report. Similarly, efficiencies have been sought from all Social Care contracts in the intervening period since the production of the 2014 report, however any change in value will not affect the overall share of the local social care market being delivered by the Third Sector.

2 Background

- 2.1 At the Scrutiny meeting held on 24 March 2016, Members requested an explanation of the Council's commissioning arrangements with the voluntary and Third Sector. This related to a request from Greenlaw and Hume Community Council.
- 2.2 SBC has a long standing commitment to supporting its Third Sector with around 23% of the overall procurement spend being spent on Social Care services commissioned by the Council and delivered by Third Sector organisations. These figures were developed in July 2014 when Ready for Business published an independent report titled "*Purchasing from the Third Sector in Scotland*"¹, (referred to as "the Report") providing analysis of public procurement spending by across Scottish local authorities. Scottish

¹ http://readyforbusiness.org/wp-content/uploads/2014/08/lib-Council_Third_Sector_Procurement_Spend.pdf

Borders Council, through the Procurement Service, was invited to participate in the research underpinning the report.

- 2.3 This analysis would not have been possible without the input of Ready for Business, as elements of the information required (such as company status) are not currently held within any of the Councils data systems.
- 2.3 Ready for Business LLP is a consortium (funded by the Scottish Government) whose work forms a key part of the government strategy to deliver knowledge and experience to support developing markets in the Third Sector.
- 2.4 This briefing paper highlights the findings of the Ready for Business research report of 2014 which details the extent of the Council's commissioning with the voluntary and Third Sector.
- 2.5 The outcome of that earlier Report remains consistent with the ongoing pattern of commissioning and associated spending trend with one key change - the establishment of an integrated Sport and Culture Trust (Live Borders) - this will have a positive impact on SBC's spend with the Third Sector from 2016/17 onwards. More details are provided in Section 5.1 (b) of this briefing paper.
- 2.6 For the purpose of this paper and to be consistent with the Ready for Business report, Third Sector providers are defined as community groups, voluntary organisations, charities, social enterprises, and community co-operatives.

3 Scottish Local Authority Purchasing from the Third Sector

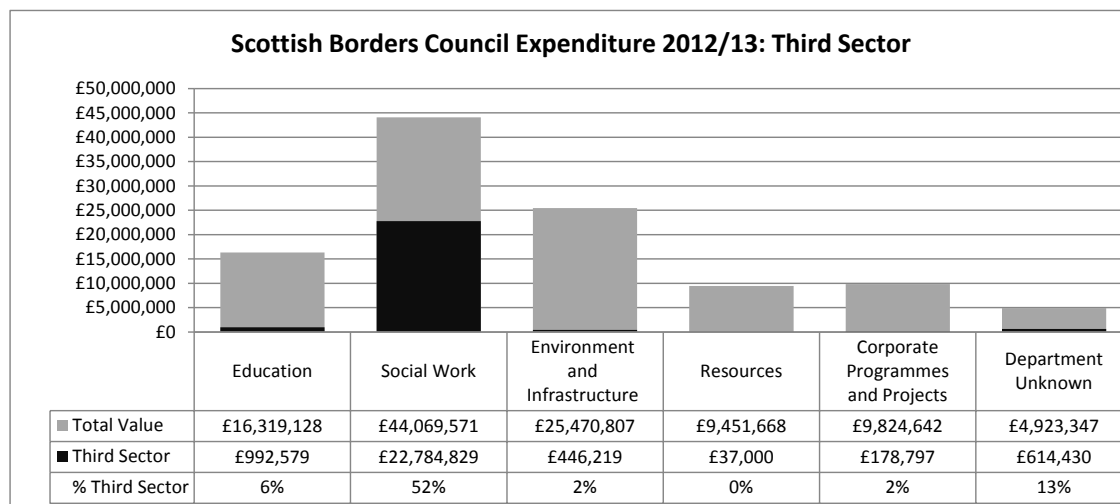
- 3.1 The *Purchasing from the Third Sector in Scotland* study and Report explored the level and pattern of procurement with Third Sector suppliers across different parts of the country during 2012/13. The study used five local authorities to benchmark the scale, scope and characteristics of local authority procurement in this important sector. The Scottish Borders represented the 'accessible rural' authority (identified under Council D in the Report), with an in year procurement spend of around £110m.
- 3.2 The Report notes that local authorities use procurement and commissioning processes to buy the goods and services they need to provide public services, and therefore effective procurement supports the achievement of those positive public service outcomes, value for money and local community benefits.
- 3.3 The table below shows the proportion of suppliers and related spend with the Third Sector for this Council (in blue) with a comparison of the average values for the wider study. The data shows that, while there is a similar proportion of Third Sector suppliers to the study average, this Council spends a significantly higher proportion (23%) of its overall external third party spend with those suppliers than the average local authority.

	Scottish Borders Council			Study Average	
	Total	Third Sector	% Third Sector	Third Sector	% Third Sector
Number of suppliers	4,014	456	11%	443	10%
Total Value	£110m	£25.1m	23%	£33m	18%

- 3.4 As noted, the value of the expenditure with the Third Sector is £25.1million - a significant sum. Of this total more than 50% (£13.25m) was spent directly with local suppliers, with the balance (£11.25m) spent with

national bodies whose headquarters may be out with the Scottish Borders but who often have local offices managing local service delivery - creating local employment and associated spending the local economy.

3.5 The data below shows the total Third Sector spend by Service. During the study period, over 90% related to services commissioned by Social Work. As can be seen, this was more than 50% of the total service expenditure. While efficiencies have been sought from all Social Care contracts in the intervening period (which may have created an associated change in value) these efficiencies will not affect the overall share of the local social care market.

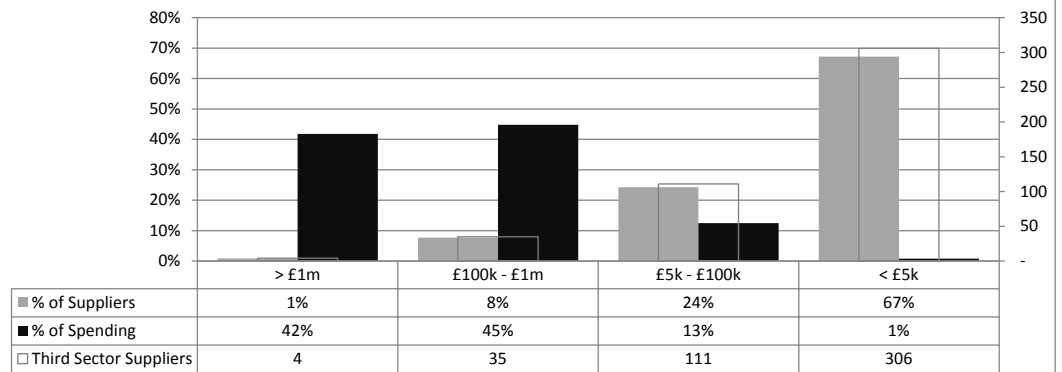


3.6 During the study period, the Council worked with 456 Third Sector suppliers. The invoice value for transactions with these suppliers is shown below. To contextualise the value of the expenditure with the Sector, it should be noted that the average amount spent with *each* supplier (including non-Third Sector) was £27,419 while the same value for only Third Sector suppliers was much higher at £54,943. While the vast majority might be described low value transactions, a significant number of these suppliers receive more than £100,000, with 4 large Third Sector suppliers delivering services in excess of £1million annually. During 2012/13, these were;

- Brothers of Charity (Scotland)
- Eildon Housing Association
- Streets Ahead Borders
- The Ark Housing Association.

The above suppliers continue to transact at this level and during 2014/15 the number rose to 6 with Community Integrated Care and the Richmond Fellowship both also transacting beyond £1million.

2012/13 - Number of Third Sector Suppliers and Percentage of Spending by Value of Service for Scottish Borders Council



4 Conclusion

- 4.1 The Ready for Business Report clearly demonstrates that the Third Sector are key suppliers to both the Council and other Scottish local authorities.
- 4.2 The Third Sector suppliers are well positioned to help deliver the Council's responsibilities. As they are likely to be locally based and generating local impact, these suppliers are also supporting economic growth within the area.
- 4.3 This research indicates this Council is engaged with the Third Sector beyond the Scottish average. This recognises our positive engagement through a sustainable and responsible procurement approach, particularly as part of the Social Care service commissioning strategy, as well as through Community Planning Partnership arrangements.

5 Examples of Local Third Sector Engagement

5.1 (a) Brothers of Charity (Scotland)

A key local supplier and a major provider of support in the Scottish Borders working actively in partnership with individuals, families, local communities, statutory and voluntary agencies to meet the needs of people living in the Borders. Their services include:

- Together Borders – a supported living service, which supports people in their own homes and local communities,
- Gattonside Residential Care Home - providing accommodation with twenty-four hour support and nursing care,
- Working Together Social Enterprises - "Green Works" and "Bread Works", Social Enterprises providing skills training and work experience for individuals living in the central Borders with a learning disability.

Various contracts are in place with this organisation, with a total value of £3.8million per year.

(b) **Live Borders**

An integrated trust providing culture, sport and leisure services across the Scottish Borders on behalf of the Council. These services include museums, libraries, arts development, public halls, Heart of Hawick, Harestanes Countryside Visitor Centre, sport development, and fifteen sport and leisure centres offering swimming and fitness.

The contract to deliver these services was awarded this year with a total value over 20 years of circa £121million.

(c) **The Borders Green Team Enterprises**

The Green Team is a social enterprise providing employment and training for adults with learning disabilities in the Scottish Borders.

The business provides a range of garden services to our customers as well as garden furniture including benches, planters and bird boxes.

During 2013-14, the Council spent approximately £43,000 with this organisation and during 2014-15 the amount was £128,000.

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