

Funding for third sector organisations is changing. In a contract- and commissioner-focused climate how can support providers help frontline organisations to negotiate this difficult change?

# Selling what we do

**I**n early 2009, staff at Halton and District Women's Aid (HADWA) decided to bid for a major contract providing services for vulnerable women at risk of violence in the area. But no one at the voluntary organisation had any experience of bidding for tenders. Faced with daunting forms, questions they didn't understand and demands to demonstrate impact and outcomes, they felt the task was far too challenging. But then they turned to a pilot project run by ChangeUp Merseyside and funded by Capacitybuilders.

"When we got the tender documents we were very intimidated as we had no experience of this kind of thing," says HADWA Strategic and Development Officer Beryl Yeomans. One of the main challenges was deciding how to communicate HADWA's work and achievements in a way that would win commissioners over.

"We knew how to write grant applications but not a tender document, which requires different skills and emphasis," says Yeomans.

ChangeUp Merseyside provided one-to-one coaching on the kind of language and structure needed to make the best case for HADWA. It worked. In October 2009 HADWA won the contract.

## Difficult times ahead

A recent Directory of Social Change survey on how the economy is affecting third sector funding found respondents anticipate difficult times ahead as statutory funding agreements come under pressure. A recent Capacitybuilders survey found just under half (47%) of infrastructure organisations have seen an increase in demand around developing contracting skills. Nearly nine out of 10 (85%) support providers felt competition for contracts had increased.

## Developing skills

The situation HADWA found itself in is one that faces a growing number of voluntary organisations. Local authorities and Primary Care Trusts (PCTs) are turning away from grant funding towards issuing contracts, which charities and private sector service providers have to compete against, each other to deliver. In most cases they have to complete long, detailed tender documents and budgets to be considered.

It's a whole new approach to service delivery which is particularly challenging to third sector organisations, and the bodies which support them, neither of which have much of a track record in competitive tendering. Support providers can help frontline organisations negotiate contracts by providing relevant resources – training in bid writing, contract negotiations and putting systems in place to evidence outcomes and outputs – that help make the process easier.

Martin Newton, Tendering and Procurement Support Manager at ChangeUp Merseyside, says there's a big challenge in bringing voluntary organisations up to the standard of compliance demanded by the public sector. Public tenders often have very stringent demands on health and safety, on service delivery levels, on staffing and equal opportunities, and of course on finance and governance. Even completing the forms correctly can be a challenge.

It's for this reason that ChangeUp Merseyside has piloted a tendering and procurement support initiative branded Passmark. It includes courses and an online library of compliance guidance, to help bring third sector organisations up to scratch.

"We're also encouraging voluntary sector staff to do the Chartered Institute of Purchasing and Supply level two course, which will give them parity with public sector bidders," says Newton.



## Lack of capacity

John Dawson is an adviser in the local commissioning and procurement unit at NAVCA, which represents local Community and Voluntary Services (CVS). He says that levels of support for third sector organisations in tendering varies significantly across the country. "It depends on the level of knowledge and skills that local support agencies have," he says.

Size is an issue too. Steve Phaire, CEO at Croydon Voluntary Action, says that even though some support agencies are providing good services in this area, there is often a lack of capacity. Croydon Voluntary Action, for example, has only a couple of staff who can provide one-to-one support. This only partly meets demand.

One of the areas where there is a strong need, says Dawson, is developing charities' marketing and communication skills. Organisations, he argues, are often reluctant to 'sell' themselves. But these skills are particularly useful when it comes to writing tenders.

Many voluntary organisations end up hiring consultants for this. Dawson says too many choose consultants who are not high quality and so they fail to win the tender. He adds that NAVCA is planning to launch a project, before the end of 2009, which will enable third sector organisations to link up with experienced tender-writing consultants.

## Nurturing relationships

In the shift from grants to contracting it is not just third sector organisations that need to re-examine how they operate. "We need to make sure the documentation around tenders is as simple as possible and we must do our best to build time for capacity building [among those

applying] into the commissioning process," says John Rouse, CEO at Croydon Council. Croydon already does this by close co-operation with local third sector umbrella groups, such as Croydon Voluntary Action.

Croydon Council is also taking part in a pilot for the Total Place initiative, a government scheme looking at how business, third sector and public sector bodies can work together to provide services under one roof. Rouse says this approach is a shift away from top-down delivery of services towards organising them around the needs of the 'customer'. It's likely to mean more opportunities for third sector organisations through service contracts. But, says Rouse, it will also put pressure on them to be more efficient and able to work in partnership.

According to Phaire, lack of resources means smaller organisations face steeper challenges in bidding for contracts than larger ones. It's a problem that support providers can provide solutions to.

Croydon Voluntary Action, for example, recently held a conference to bring together local commissioners of services and about 200 smaller third sector organisations in the area. "This kind of contact between commissioners and smaller voluntary organisations is essential if we are to create a more level playing field," concludes Phaire. /

## Total Place

Total Place is a government initiative aimed at encouraging a 'whole area' approach to public services. The idea is for public, private and third sectors to work more closely together to deliver services more efficiently. It is being piloted in 13 areas across England, with findings reported by spring 2010. [www.localleadership.gov.uk/totalplace](http://www.localleadership.gov.uk/totalplace)

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Steve Phaire,  
CEO, Croydon  
Voluntary Action