

A Social Enterprise Framework for Leeds City Council

FOREWORD

Leeds City Council is committed to promoting and supporting existing and emerging social enterprises as part of a mixed economy of providers delivering quality services for residents across the City. This framework compliments and further develops activity already being undertaken by the Council to maximise the social, environmental and economic impact on communities when procuring services.

Many social enterprises are already delivering services in deprived neighbourhoods and by encouraging these groups to develop private sector approaches to social problems, we hope to encourage them to plan for the future and to develop as sustainable organisations.

This Framework is one of a series of initiatives that the Council is developing in order to help support a healthy and robust range of organisations able to deliver the Council's Narrowing the Gap priorities.

1. WHAT WILL THIS FRAMEWORK ACHIEVE

This framework sets out the Council's approach to supporting the development and growth of Social Enterprise in Leeds. The framework establishes the rationale and benefits to be derived from supporting and developing a more enterprising culture in some of the most deprived wards of the city. The following are the four overarching aims to be achieved:

- Promote a mixed economy in service provision across the Council and raise the profile of the Social Enterprise sector in Leeds.
- Define a strategic corporate approach to achieving community benefits through procurement.
- Provide support to Social Enterprises, including the development of capacity in the Voluntary Community and Faith Sector (VCFS) to deliver public services.
- Work with new and existing partners on innovative ways to deliver services and develop thriving communities.

The audience for the Framework includes council staff in all service areas and at all levels and especially those with a procurement remit or with an interest in regeneration and economic development, as well as those working with and supporting VCFS groups and Social Enterprises themselves. More broadly, the framework will inform the councils approach in working with other partners

to support the development of social enterprise.

For the purposes of this framework the following definition of Social Enterprise will be used:

A Social Enterprise is a trading organisation which:

- is enterprising in its approach
- has clear social objectives set out in a constitution
- has a structure which ensures social ownership and accountability
- does not distribute profit to private shareholders (unless as a Community Interest Company)

Social Enterprises can range from small-scale community enterprises, such as cafes and shops, through to national companies operating in the open market. The benefits to the VCFS of a Social Enterprise approach include a focus on the customer, a move away from reliance on grant funding and towards more sustainable trading models, the opportunity to learn from mainstream business thinking and flexibility and responsiveness to market forces.

2. THE RATIONALE

Why Buy from Social Enterprise?

The *National Procurement Strategy for Local Government* sets out a range of strategic objectives and milestones for better local government procurement. The vision in the *National Strategy* is that by 2006 all local authorities will have adopted 'world class' practices in procurement, not least by:

- realising economic, social and environmental benefits for their communities through procurement activities
- operating a mixed economy of suppliers, including small firms, Social Enterprises, minority businesses and VCFS groups; and
- stimulating markets and using buying power to drive innovation

These messages have been reinforced in related guidance developed as a result of the *National Strategy*, including the 'Small Business Concordat', developed by the Office of the Deputy Prime Minister and the Local Government Association, '*Think Smart...Think Voluntary Sector!*' developed by the Home Office and Office of Government Commerce and the Voluntary Sector Compact and Codes of Practice jointly developed by the National Council of Voluntary Organisations and the Home Office Active Communities Unit.

'Social Enterprises can be a highly effective vehicle for local authorities looking to achieve the vision in the National Procurement Strategy and get more for their money.'

(More for Your Money, Social Enterprise Coalition)

Developing procurement activity with Social Enterprises is not just about meeting the requirements of central government. There is also considerable concern about the current shortage of some key skills in the workforce and the

capacity of some sectors of the economy to satisfy the spending requirements of local authorities and others. In order to protect the future achievement of best value, it is essential to take steps now to address these issues.

Encouraging a thriving, mixed economy in the city is a mechanism for bringing excluded groups into the labour market which raises skill levels. Increasing future employability in turn improves the quality of life for the individuals concerned and their families and helps to secure the sustainability of communities.

What are the Benefits of Social Enterprise to the Local Economy and to Local Communities?

Public bodies are increasingly required to achieve additional social and environmental benefits through their procurement function to further their corporate objectives. There is scope for going even further by integrating 'additional benefits' into a core contract specification.

Whether delivering a recycling contract while tackling long-term unemployment, or cross-subsidising community transport with profits from mainstream bus services, Social Enterprises frequently deliver multiple outcomes across a wider range of objectives than a traditional, narrower approach to service delivery. Some local authorities have recognised that this kind of joined-up approach to service delivery can also offer genuine value for money.

Liverpool City Council's waste management contract with Bulky Bob's; a Social Enterprise offering bulk waste collection and recycling services, enabled the Council to get more efficient service while developing local jobs, promoting social inclusion, and saving the Council money. While the award-winning Hackney Community Transport runs three mainstream London bus routes that are consistently rated in the top three of all London bus route operators. The company ploughs the profits from these into its community transport services that operate across nine London boroughs.

'In most cases, it is in the interests of both the public body and the Social Enterprise to recognise and reward any additional benefits within the contract itself. It is perfectly legal to do so but lateral thinking is needed on both sides of the equation.'

(More for Your Money, Social Enterprise Coalition)

By widening the role of procurement to achieve regeneration objectives and engaging small businesses in deprived communities, the Council can encourage an enterprise culture in those communities in which the benefits of Leeds' burgeoning economy are not currently fully realised.

Where Can Social Enterprise Add Value for the Public Sector?

There are specific areas of added value that Social Enterprises can deliver in addition to core product or service delivery such as:

- established links with the community
- specialist knowledge and experience of the local market
- independence and freedom from institutional pressures
- innovation and responsiveness
- operating in niche markets
- delivering services in areas of market failure

Social Enterprises have a strong track record in innovation and developing new markets – whether it's moving fair trade into the mainstream or pioneering new methods of service delivery. However, stimulating innovation and new markets requires an imaginative and proactive approach from public bodies as well as the Social Enterprises themselves. The national procurement strategy urges Councils to *'Stimulate markets and use their buying power creatively to drive innovation in the design, construction and delivery of services'*

In some cases, Social Enterprises may simply have a competitive advantage in the delivery of particular goods and services. Examples where this may be the case include: where the service meets the need of a specific group who are hard to reach or would particularly benefit from a high level of trust between provider and user; or where it is very hard to specify the softer nature of the service in a contract (such as in the support for disabled people and elderly care).

Many Social Enterprises have particular knowledge of, sensitivity to, and expertise about the communities in which they work. As a result, they may be much better placed than competitors to engage with people from disadvantaged or excluded communities. The SME Concordat recognises this competitive advantage, suggesting for example that Social Enterprises and those operating in the VCFS, may have better access to hard to reach customer groups.'

The Tower Hamlets Community Recycling Consortium illustrates how contracting with a consortium that includes local residents has enabled the local authority to meet recycling targets despite the problems associated with doorstep recycling services for high-rise housing. (*More for Your Money, Social Enterprise Coalition*)

In areas such as social care, childcare, health and leisure, Social Enterprises delivering high quality, user-focused services are particularly visible. Many involve both users and staff members in the way that projects are managed and services developed. Any surplus generated is reinvested directly back into service provision, more effective staff training or the achievement of social objectives as stated in the constitution. The social objectives of Social Enterprise may be the direct result of the services they deliver to disadvantaged groups or may be objectives that are funded out of surpluses generated through trading.

Leeds and Moortown Furniture Store (LMFS) collect unwanted furniture and white goods from homes and household waste sites across Leeds and where necessary make them good for use by either renovation or repair, city services make payments for this waste diversion. As well as providing a standard package of furniture and appliances to socially and economically disadvantaged people moving into social housing under a contract with the ALMOs, LMFS also provide employment and training opportunities to people in socially excluded groups, they divert waste away from landfill and they sell furniture at affordable prices in a furniture store to generate income to subsidise the organisation. The community benefits over and above the basic services that they deliver under contract with the ALMO are clear as is the scope for further contract opportunities.

Sunderland Home Care Associates provides personal care and domestic services to hundreds of people in need. It promotes independence and enables older, frail and disabled people to stay in their homes for as long as possible. Since it was set up in 1994, SHCA's hours of service have grown from 400 hours per week to 3,500 and its turnover is now more than £1.5m a year. The 160 employees own the company, share in some of the profits and participate in decisions. The result is an amazingly low staff turnover of just 3.5%. SHCA is building on the success by replicating the model across the north of England. *(More for Your Money, Social Enterprise Coalition)*

3. WHAT IS THE COUNCIL DOING ALREADY?

Within Social Services and Neighbourhoods and Housing Departments there are three support programmes targeted at fledgling Social Enterprises in addition to the support provided by the Corporate procurement Unit.

Keeping House

In 2005/06 Social Services Department launched the three year Keeping House partnership programme (with a 3 year investment totalling £900,000), to develop and support Social Enterprises which provide domestic services to older and disabled people. These enterprises will charge people for work such as cleaning, shopping, gardening etc. Keeping House support includes promotion of this new way of meeting demand for services, grants and investments, advice, consultancy and training for new and would-be providers. Most importantly, it is working on quality assurance, and the development of services which are at the same time affordable and sustainable as social businesses. Consultation with older people and disabled people is central to the whole programme. In addition to older and disabled people's representation, partners on the Keeping House Board include West Yorkshire Social Enterprise Link, public health, and voluntary and Social Enterprise sector representatives.

In 2005/06 the first 3 enterprises supported by Keeping House started trading. Fifty one grants were invested. These included 6 for start-ups; 16 for business planning, marketing and development; 20 towards testing out or expanding the sustainability of existing voluntary sector schemes; 4 for materials and equipment. In this first year, over 1600 older and disabled people benefited from the services supported. However, this is only the start. It has been just as important to put in place the 'building blocks' for solid and sustainable growth.

For further information, see www.keepinghouse.org.uk

Mental Wealth Project

The Leeds Social Business Centre is a training, meeting and business centre providing ongoing training, advice and mentoring to people who wish to set up a social business. The Centre provides a non-threatening setting for people to call in to talk to qualified and experienced staff about their business idea who will offer the resources and advice to progress that business idea right through to start-up.

The Centre will also provide start-up premises – that will include personal space within an open plan office that is furnished with desk, chair, PC, telephone etc (phone lines and ISDN lines are also available). The Centre will provide access to experts in the start-up business field including representatives from Business Link, solicitors and banks in a friendly setting that takes away the "fear factor" of setting up a business. Clients will be helped in writing the all important business plan that will help you run your business as well as being given access to many development grants.

The project will work hand in hand with established organisations and partners include Leeds Primary Care Trust, Social Services Department, Leodis, IMBY, Business Link, Touchstone, MIND and West Yorkshire Social Enterprise Link (WYSELink).

Sustainable Futures

In March 2006, the Neighbourhoods and Housing Department Regeneration Service launched Sustainable Futures an ERDF funded project working across the Objective 2 Priority 3 areas of the city. The project offers support to VCFS organisations wanting to explore trading opportunities and more sustainable income streams , including contracting with the public sector. Sustainable Futures employs two advisers and has £100k in small grants of up to £5k to award by Dec 2007. The project also employs a project manager tasked with driving this framework and action plan forward.

Corporate Procurement Unit (CPU) Initiatives to Support Social Enterprise in the Procurement Process.

Guidance on Community Benefit clauses will be developed and training with procurement officers within CPU will be delivered.

Training in tendering is offered to small businesses including social enterprises as an ongoing service by CPU to a range of groups and in a range of areas, including pre qualification procedures, the tender process and use of the online Supplier Contract Management System (SCMS).

The SCMS system has a range of categories defining VCFS, social enterprises and other non profit distributing organisations. The system enable organisations to respond to see what contract opportunities are available and to submit tenders electronically.

4. ENGAGING SOCIAL ENTERPRISE IN PROCUREMENT: WHAT ARE THE CHALLENGES AND OPPORTUNITIES?

Key Opportunities Faced By Commissioners and Service Providers

The benefits that result from encouraging the growth of Social Enterprise are important for the long term growth of the economy, the narrowing of the gap between prosperous and deprived communities and the improvement of public service delivery. Many of the benefits have been outlined in section 2. The key areas of opportunity are:

- establishing more stable funding arrangements for VCFS and Social Enterprise organisations delivering key services to hard to reach groups
- reducing the grant dependency of VCFS organisations
- stimulating enterprise activity in areas of market failure
- ensuring that local people benefit from growth sectors of the Leeds economy such as health and social care and tackling climate change
- addressing skills shortages in sectors of the economy
- developing innovative solutions to meet public sector targets e.g. waste management
- achieving a mixed economy of suppliers
- achieving regeneration objectives through procurement activity
- opening up new areas of procurement traditionally not available to Social Enterprise

Challenges Faced by Service Providers

The Social Enterprise sector has identified a number of difficulties in engaging in trading activity. There may be many opportunities for Social Enterprises to trade both with the public sector and within their local economies. The challenges are associated with a significant change in culture from grant funding to trading and operating on a more commercial basis. These challenges are:

- clarity on the support available to develop Social Enterprise
- accessing appropriate support that takes account of the organisation's social aims and community ownership and governance
- accessing the finance and support needed to develop capacity and build a sustainable business
- a lack of expertise in pricing goods and services
- difficulty in demonstrating and costing community benefits that are delivered above and beyond the core contract requirements
- a lack of understanding of public sector procurement processes
- the complexity of tender documentation
- a lack of sufficient resource to engage in a tender process
- the lack of a demonstrable track record in service delivery
- the short duration of contracts and funding arrangements
- large contracts that exclude small suppliers from bidding
- payments made in arrears
- lengthy intervals between payments

- a lack of information about forthcoming contracts and spending programmes
- not knowing who to approach in the Council or other public sector bodies

Challenges Faced by Commissioners

Procurement officers and commissioners face challenges which limit their capacity to engage with Social Enterprises who could potentially deliver Council contracts. These are:

- knowing when it may be appropriate to include community benefits in addition to a core contract
- specifying and quantifying community benefits
- defining weightings for community benefits in contract evaluation
- knowledge of established and potential Social Enterprises and the capacity that exists within them to deliver services
- identifying where Social Enterprise can fill gaps in service provision
- making a links between achieving the objectives of the Vision for Leeds, The Corporate Plan and the Regeneration Plan through the procurement of services
- exploring collaborative procurement with other Council departments and with other public agencies
- maintaining a level playing field and complying with legislation
- meeting efficiencies in tandem with pursuing the Social Enterprise agenda
- assessing penalty clauses in contracts and how appropriate these are in higher risk areas where there has been market failure
- developing tailored contracts that are proportional to the size of contract and the organisation's capacity to bear risk
- making information on contracts of between £10k and £100k more openly available to Social Enterprises without opening up the process to the extent that procurement officers workload becomes disproportional to the value of the contracts let

ACTION PLAN

Increasing the profile, potential and performance of the Social Enterprise sector requires the involvement of many parties within the Council and beyond. The Action Plan is structured to meet the 4 key aims that emerged as the key areas of support needed to develop the role that Social Enterprise can play in delivering local services and creating thriving communities across the city.

Aim 1 - Promoting Social Enterprise across the Council and Raising the Profile of the Sector in Leeds

Actions under this aim outline a commitment to raising awareness amongst Council officers of the potential opportunities and benefits of contracting with Social Enterprises. In particular awareness raising will focus on the benefits to the local economy, local communities and the quality of service provision.

	Position Statement	Issues	Actions	Who	When
1.1	Information on social enterprise needs to be accessible, clearly stating the services and community benefits that groups deliver.	With better access to information on the scope of social enterprise, it will be easier for procurement opportunities to be identified and progressed.	Develop an accessible information resource that details the services and community benefits delivered by social enterprises.	Sustainable Futures VCFS, West Yorkshire Social Enterprise (WYSE) Link	01/07
1.2	There is the need to address the over reliance on discretionary funding grants in the VCFS.	Council officers require support to innovate and be proactive in procuring services from social enterprises.	Develop a programme of awareness raising and training for Council officers based around this framework.	Sustainable Futures	12/06
	Position Statement	Issues	Actions	Who	When

1.3	The success of the Social Enterprise Framework is dependent upon its approach being embedded in the work programmes of Council services and officers.	The framework needs to be widely promoted with officers across the Council on an ongoing basis.	<p>Establish a training module for officers involved in procurement which includes social enterprise issues</p> <p>Hold a workshop event for all Council Departments to promote the framework and action plan.</p>	<p>Sustainable futures, Corporate procurement unit and Departmental Leads</p> <p>Sustainable Futures</p>	<p>03/07</p> <p>01/07</p>

Aim 2 - Defining a strategic corporate approach to achieving community benefits through procurement.

Actions identified under theme 2 will support the approach that the Council will take to contracting with Social Enterprises in future. These include a corporate commitment to making Council procurement processes more accessible to Social Enterprises and require action by the Corporate Procurement Unit (CPU) and service departments.

	Position Statement	Issues	Actions	Who	When
2.1	A more focused and tailored approach is needed to support procurement from social enterprise to achieve the objectives detailed in the Procurement Strategy and The Compact for Leeds.	A social enterprise framework needs to identify actions that will enable delivery of the objectives within the broader strategies defining the Council's support for the social enterprise sector.	The Framework and action plan clearly defines the actions required to support the delivery of the procurement Strategy and the Compact for Leeds.	Regeneration Strategy, Sustainable Futures, VCFS Issues Group	On going
2.2	Whilst procurement arrangements with social enterprise do exist, the Council needs to establish a better understanding of the value and number of contracts in place.	A baseline is needed in order to measure progress.	Quantify current procurement activity with social enterprises through the SCMS.	Corporate Procurement and Departmental Leads	05/07
2.3	The Council has supported Social Enterprise through grant funding and service level agreements with limited service delivery under contract.	While contracts may provide sustainable income streams for social enterprise the process of taking on a contract is often too onerous for a social	Establish a pilot model contract that addresses barriers to contracting and that could be used with social enterprises across the Council.	Corporate procurement, Sustainable Futures and Departmental Leads	12/06

		enterprise.			
	Position Statement	Issues	Actions	Who	When
2.4	Forthcoming contract opportunities need to be matched to appropriate social enterprises where delivery is feasible.	To identify appropriate contract opportunities for social enterprise there needs to be more effective information sharing and planning with social enterprises.	Establish contract calendars for the Council and identify potential opportunities for social enterprise. Cascade the information to the sector.	Corporate Procurement, Sustainable Futures and Departmental Leads	05/07
2.5	Procurement from social enterprise would be enhanced by efforts from the Council to engage social enterprise in procurement processes.	Support is needed for procurement officers in identifying and progressing opportunities where social enterprise can contribute to the Council's wider strategic objectives through procurement.	Undertake a series of supported tender processes with social enterprise and Council departments drawing on learning from the pilot.	Corporate Procurement, Sustainable Futures and Departmental Leads	05/07
2.6	Council officers have limited experience of incorporating costed community benefits into tender specifications.	Officers need to know when and how to include community benefits in a tender specification.	Produce good practice guidance for procurers and potential bidders on what 'added community benefits' means, and how to secure them through contracts. Cascade this information.	Corporate Procurement Unit, Departmental Leads and Sustainable Futures	04/07

	Position Statement	Issues	Actions	Who	When
2.7	The Contracts Procedure Rules (CPRs) provide for the advertising of contracts between £10,000 and £100,000 on the electronic tendering system.	The advertising of lower value contracts is inconsistent across the authority and as a result limits the ability of social enterprises to tender for contracts they are most able to deliver.	Training for Departments is needed on the implementation of the CPR's and processes need to be reviewed for the lower value contract advertising.	Sustainable Futures & Departmental Leads Corporate Procurement Unit	11/07

Aim 3 - Providing support to Social Enterprises (including developing the capacity of the voluntary and community sector to deliver public services).

Actions under this aim will assist in developing an overview of the current role of the Council in supporting Social Enterprises and how this is likely to develop in the coming years. It will highlight the support provided across departments.

	Position Statement	Issues	Actions	Who	When
3.1	There is limited communication between social enterprises and Council departments around procurement opportunities. However there are numerous support projects and infrastructure agencies that could assist social enterprises to share knowledge around contracting.	The range of contract opportunities and support for social enterprises is diverse and not as well coordinated as it could be.	Establish and support 4 themed networks of social enterprises and procurers in appropriate areas of service delivery. Identify forthcoming contract opportunities for each network.	Sustainable Futures, Social Enterprise Support Centre, WYSE Link, Leeds Voice and Voluntary Action Leeds, Keeping House.	03/07
3.2	Support for the development of social enterprise is delivered by different groups and agencies with limited coordination.	Coherent information should be made available on the support initiatives that are available to develop social enterprise and learning should be shared amongst advisers.	Support and training to be provided on submitting tenders. Establish a network of advisers supporting the development of social enterprise across the city. Publish a guide for Council and VCFS groups on the resources available to support social enterprise.	WYSE Link, Sustainable Futures, Keeping House Sustainable Futures, WYSE Link VOICE and VAL	Comp. 11/06

Aim 4 - Work with new and existing partners on innovative ways to deliver services and develop thriving communities.

Action under this aim sets out how the Council will work with other providers of Social Enterprise support to co-ordinate the currently fractured and inconsistent provision of support in Leeds. There is a need to ensure effective sign-posting and a seamless transfer of Social Enterprises from one provider to another as they develop. This includes how the Council will link with and complement provision from organisations such as WYSE Link, the Social Enterprise Support Centre (SESC) and others within Leeds and the sub-region.

	Position Statement	Issues	Actions	Who	When
4.1	A survey of the VCFS was conducted to establish social enterprise support needs in 2005.	The support needs of social enterprise will continue to change as policy and funding regimes change.	Identify gaps in the support provided to social enterprise and work with partners to fill the gaps as the sector matures	Sustainable Futures and WYSE Link	01/07
4.2	Public agencies are increasingly undertaking joint commissioning exercises.	Social Enterprise may deliver a service to one public agency and subsequent community benefits may accrue for another agency. Partnership working across agencies could offer opportunities for social enterprise.	The Council will lead work to inform a partnership approach to social enterprise support across public sector agencies in the City.	Sustainable Futures and Corporate Procurement Unit	11/07

	Position Statement	Issues	Actions	Who	When
4.3	Whilst SEs may not be able to respond to contract opportunities, there may be potential to seek opportunities through subcontracting	It would be beneficial to encourage more subcontracting to social enterprises and local businesses.	Guidance will be developed for procurement officers and prime contractors on engaging local businesses and social enterprises throughout the supply chain and establishing sub contracting opportunities that deliver community benefits.	Corporate Procurement Unit	03/07

THE POLICY FRAMEWORK

National

The **Social Enterprise Unit** (SEU) was established in 2001 within the DTI as a focal point for policy making and support for the development of Social Enterprise. In 2006 the Unit became part of the Cabinet office and Ed Miliband was appointed Minister for the Third Sector in the Cabinet Office, with a newly formed Office for the Third Sector, including social enterprise. The remit for the office's work around social is as follows:

Act as a focal point and coordinator for policymaking affecting social enterprise.

Promote and champion social enterprise.

Take action needed to address barriers to growth of social enterprises.

Identify and spread good practice

The Department of Health is to establish a Social Enterprise unit at the Leeds head office to tackle issues that have previously prevented Social Enterprises from getting involved in the health sector, such as pensions and IT. A report on the barriers facing Social Enterprises in the Health Sector will be published later in 2006.

The Compact is an agreement between the VCFS and government to improve their relationship for mutual advantage. A specific code of practice around funding and procurement relationships with the sector highlights key principles that should be applied. There is a Leeds Compact and codes of practice, detailed below.

Strong and Prosperous Communities – The Local Government White Paper, October 2006 highlights the need to bring in the third sector as a key deliverer of public services as part of a drive to encourage a mixed market, to engage local communities in service delivery and improvement and to take innovative approaches to cross cutting themes such as climate change, social exclusion and anti social behaviour.

2006 Addition to EU Procurement Legislation: Article 19, provides that Member States “may reserve” the right to participate in public contract award procedures to sheltered workshops or provide for such contracts to be executed in the context of sheltered employment programmes in certain specified circumstances. As such, its relevance to Social Enterprises will be limited to those which fulfil the sheltered definition.

The **Small Business Friendly Concordat, March 2005** offers good practice guidance to Local Authorities around how they can frame and deliver their procurement strategies in accordance with the principles of the Concordat. The Concordat is a statement of principles that Local Authorities can deliver in ways that suit their local circumstances including case studies on incorporating community benefits into tenders and engaging Social Enterprise in Procurement.

The National Procurement Strategy October 2003. The National Strategy, which requires public bodies to link their procurement strategies to their overall community goals (for example those set out in Vision for Leeds and the Corporate Plan), explicitly highlights the need to link procurement to local social, environmental and economic impact. It encourages local authorities to: *'...submit optional, priced proposals for the delivery of specified community benefits which are relevant to the contract and add value to the Community Strategy.'*

In the progress report published on the strategy in August 2006, seven areas of action are highlighted for local authorities, one of which specifies the need to improve relationships with the third sector.

The Role of the Voluntary and Community Sector in Service Delivery; A Cross Cutting review, September 2002 sets out guidance for public agencies on engaging with the third sector and working to the guidance of the Compact. At a Third sector summit in 2006, Phil Woolas, Minister for Local Government, launched a framework for strengthening the third sector's role in local public service delivery. The framework sets out further guidance on creating a level playing field for the third sector in procurement, ensuring that there is access to sustainable funding for the third sector the need for local authorities to approach partnership working with the third sector as the norm.

The Audit Commission's 2002 Report *Competitive Procurement*. The report states that: *'...it is important...to take account of outcomes that are genuinely of strategic importance to the authority, so as to ensure that the outcomes sought from procurement are fully consistent with the authority's broader aims and objectives. These may include environmental and social concerns, so long as these are not handled in a way that discriminates against potential suppliers or are invested with disproportionate importance.'*

Local Government Act 2000

Under the Act Councils are required to prepare a community plan and are granted the powers to promote the economic, social and environmental well-being of their communities. Provided there is compliance with the EU public procurement regulations, and Best Value, Councils can work with suppliers to realise community benefits through their procurement activities.

Regional

The Regional Economic Strategy (RES) revised draft May 2006 identifies actions to support the development of Social Enterprise under three of its six objectives.

Objective One : More Businesses that Last

B ii) Support specific needs of new Social Enterprises through mainstream business support.

Objective Two: Competitive Businesses

Fii) Develop NHS, local authority and other public sector procurement policies to enhanced local businesses opportunity.

Objective Four: Connecting People to Good Jobs

Di) Utilise and Build Capacity of the VCFS and Social Enterprises to deliver appropriate mainstream services.

Sub-regional and local

The Leeds Compact. Written in Feb 2003, the Leeds compact signs up the Council to key principles that guide relationships with the VCFS. Alongside the compact are codes of practice, one of which is entitled 'Encouraging People to use Resources Effectively'.

The Code provides Leeds Initiative Partners and VCFS service providers alike with a number of principles by which to work and responsibilities that they will undertake by signing up to the Compact. The following elements of the code will support the Social Enterprise and procurement agenda:

- Develop a procurement strategy with the VCFS
- Provide an opportunity for the VCFS to contribute to designing the programme to ensure that the needs are clear
- Provide funding agreements and contracts which last more than one year if it is sensible and practical to do so, to improve long term planning.

The code also asks that amongst others the following principles apply in a funding relationship (including contracts).

- Processes should be as simple as possible and in proportion to the amount of money involved.
- Allowing time for planning, decision making and action is important so organisations can have real effect.
- Organisations should make informed decisions about spending priorities and make sure that funders, those paying for services and the VCFS learn from previous work.

The Council Procurement Strategy 2005-2008. The strategy highlights three main procurement aims: Socially Responsible Procurement, Efficient and Effective Procurement and Managing Suppliers.

Implementation of the following areas of the strategy could support the development of social enterprises and support the social enterprise framework :

Socially Responsible Procurement

The aim of this section includes:

To reduce the negative effect on the environment of the products and services that we buy. We will achieve this by considering the effect of our decisions and by working with suppliers to make sure that they have a similar commitment.

To promote procurement practices and policies which contribute to our priorities on equality and diversity by providing information on equality issues and making sure that we treat all tenders equally.

To raise the profile of ethical issues in the procurement process and introduce our suppliers to ethical issues in the supplier relationship.

Efficient and Effective Procurement

To improve the efficiency and effectiveness of services by working with a range of organisations to develop long-term relationships.

To deliver community benefits and involvement in the procurement process.

Working with stakeholders to improve the procurement process.

Managing Suppliers

To develop a partnering approach between the council and suppliers to create mutually advantageous, flexible and long-term relations based on continuous improvement,

To support local regeneration and redevelopment by providing high-quality information and encouraging a varied supply market.

Corporately, those strategic outcomes that Social Enterprises are best placed to contribute to are: All Neighborhoods and safe, clean, green and well maintained; All communities are thriving and harmonious places where people are happy to live; our customers receive excellent services which are efficient and effective, and meet their needs.

SUPPORT INITIATIVES

Future Builders: An Investment Fund for Voluntary and Community Sector Public Service Delivery

Launched in May 2004, Futurebuilders was initially a £125m fund designed to deliver an increase in the scale and scope of the public services delivered by the VCFS. Investments have been made where an emphasis on a step change within front-line service providing organisations is evident in order to deliver improved, and sustainable, services.

There will be no further rounds of Futurebuilders, but the fund is open to applications indefinitely.

West Yorkshire Social Enterprise Link (WYSE)

WYSE Link is a partnership between Business Link and various support agencies delivering Social Enterprise support. WYSE Link work across West Yorkshire and are jointly funded through Objective Two and Yorkshire Forward. The programme aims are to support existing, new start-up and VCFS organisations wanting to develop trading activities. In addition to providing generalist business support services WYSE Link also have a procurement adviser who provides specific support on public sector procurement opportunities.

Objective Two Programme

Across the Objective Two Programme areas there are a number of short term projects to support Social Enterprise development and the progression of the VCFS into trading and more sustainable activities. The Sustainable Futures team has made links with these projects and together with WYSE Link is establishing a city wide Social Enterprise adviser network to share good practice, coordinate activity and strengthen the referrals process between advisers.

As well as funding individual projects and support programmes the Objective 2 programme has established the Partnership investment Fund (PIF). PIF is a £37mn loan fund providing gap funding for small businesses that are unable to secure commercial finance. One of the target groups is Social Enterprise. Following the end of the Objective Two programme, the intention is that a legacy fund will remain in perpetuity. Finance is offered at commercial rates with the opportunity for an interest rate rebate at the end of a loan period.

Links To the Council's Strategy's and Plans

Action	Links To Council Strategies and Plans	Key Reference
2.2 2.3 2.4 2.8 4.2	Leeds Council Plan 2006/07	Priority: Transforming Services. Activity: 'We will work with the private, voluntary, community and faith sectors to deliver better outcomes.'
2.2 2.3 2.4	Leeds Council Plan 2006/07	Priority: Thriving Harmonious Communities. Activity: We will reduce unemployment amongst major target groups.
2.4 4.2	Leeds Council Plan 2006/07	Priority: Partnership Working Activity: An LAA for Leeds was agreed and signed by partners from the private, public, voluntary, community and faith sectors and central government on 24 th March 2006. New partnership governance arrangements are now being established to oversee its implementation.
ALL	Local Area Agreement 06/07	Indicator: Evidence of VCFS being involved in the programme design for and commissioning of the delivery of public services. Target: % increase in VCFS delivery of public services (Target to be set once a baseline has been established in Nov. 2006).
2.3	Corporate Plan 2005-08	People to Live Healthy Fulfilling Lives 'We will expand neighbourhood network schemes for older people by using local Social Enterprise organisations.' Children and Young People are Healthy, safe and successful: 'We will have a programme in place to work with schools, health and other VCS to expand the healthy schools standard.'
3.1 3.2 3.3 4.1	Regeneration. Service Improvement Plan 2006-07	Theme: Regenerating Communities By 2006/07: A Citywide co-ordinated programme of support activity to meet the needs of Social Enterprise in place.
2.2 2.3 2.4	Regeneration. Service Improvement Plan 2006-07	Theme: Regenerating Communities By 2006/07: An initial pilot programme is in place involving the provision of neighbourhood and resident services by local organisations.
3.1	Regeneration	Priority: Enterprise and the Economy

3.2 4.1 4.2	Plan 2005-08	Action: Support the development of new business in deprived communities, including Social Enterprise.
2.2 2.3 2.4	Regeneration Plan 2005-08	Promote the role of the voluntary and community sector in training and programmes to prepare people for work.
All	The Leeds Procurement Strategy 2005 - 2008	We will include the Voluntary and Community Sector Compact in our processes
2.5	The Leeds Procurement Strategy 2005 - 2008	We will work with varied and local suppliers and support them in working with the council.
4.3	The Leeds Procurement Strategy 2005 - 2008	We will encourage our suppliers to use small firms and local labour.