



The Prime Minister  
10 Downing Street  
London  
SW1A 2AA

23 September 2015

Dear Prime Minister,

### **A smarter state: harnessing the contribution of local communities**

We write as civil society representatives in response to your recent speech on developing a smarter state. Your aspirations of putting services in the hands of local people, and an increasing role for voluntary organisations in the delivery of public services were encouraging. We write with proposals that will help deliver these goals as part of the Spending Review and as devolution enters its next phase, centred on improving commissioning processes and ensuring community assets continue to be used for the benefit of their local areas.

#### **Public service reform**

The potential role of voluntary, community and social enterprise organisations in delivering public services and supporting public service reform is significant. Current programmes such as Our Place, Delivering Differently and the work of the Public Service Transformation Network have supported the public sector and third sector to develop new models of delivery. New commissioning arrangements have also prompted new approaches – for example, the wider roll-out of ‘social prescribing’ models in healthcare, which can improve individuals’ health outcomes and save the taxpayer money if implemented effectively. We recommend that the government continues to enable and showcase innovative practice over the period of the next spending review.

Government can also achieve much through influencing commissioning, at little cost to the exchequer. We are seeing a trend within local government and other agencies to use commissioning and procurement processes to package up services into high value ‘all-in-one’ tenders which means that only large national organisations can bid. Too often the result is one-size-fits-all, standardised services that don’t meet the needs of local communities. Enhancing transparency within supply chains, ensuring contracts are ‘community’ sized, and that due consideration is given to the social value and quality of proposed services, would help to achieve your vision for a smarter state, and also directly help reach the government’s SME spending targets. Strategic initiatives such as the Commissioning Academy, that spread best practice among commissioners, and masterclasses, which upskill voluntary organisations to engage with public service delivery, represent good value for money. The Government could also strengthen the provisions of the Social Value Act and extend it to goods and infrastructure.

## **Community assets**

Another major opportunity to strengthen the local delivery of services is through supporting further community ownership and management of assets. An unprecedented release of local government assets is expected in the coming years as councils seek to make further efficiency savings. The total asset base of local authorities in England is estimated to be worth £250bn, and there is now an opportunity to ensure that vital community assets are safeguarded and continue to benefit local people while also boosting the ability of community organisation to deliver public services.

The Government has recognised this potential in the past through investing resources to support asset transfer (including the current Community Ownership and Management of Assets programme), and introducing the powers under the Localism Act of Community Right to Bid and Community Right to Reclaim Land. These have been helpful, but challenges remain:

- The need for early-stage development investment, including pre-feasibility and feasibility grants to ensure sustainable development; investment in project management skills in communities; and increased access to blended investments to make capital projects viable;
- Many local authorities take too narrow an approach to community assets disposal, viewing their assets only in terms of an immediate cash return and not considering the social value and the additional savings and economic benefits they can realise from transferring assets to community ownership;
- Unrealistic disposal timescales that give inadequate time for community groups and charities to form consortia and arrange funding to buy an asset;
- Technical and regulatory barriers that mean asset transfers often take many years, and require dedicated specialist support.

Some of these challenges are regulatory or technical and could be addressed at very little cost for the government. Others will require resource to help overcome them, and it is our view that strategic investment now would enable communities take ownership of their assets during this narrow window of opportunity and support them in becoming self-sustaining for generations to come.

We propose that Government should allocate funds to a Community Capital Fund which would receive bids for charities and community groups to take over assets. The investment would:

- Provide investment to organisations to support them in developing their plans, and to develop skills and capacity to operate the assets sustainably;
- Fund central support and advice to help the process of asset transfer, undertake research and share best practice on how to develop community assets;
- Provide capital grants to allow community organisations to lever in additional funding and finance to allow them to secure assets for sale.

## **Devolution plans**

We welcome the government's commitment to further devolution, bringing power closer to communities. Voluntary and community organisations are keen to play their part and we call on the government to take steps to enable their meaningful participation in local planning processes and encourage integration of social value approaches into devolution settlements.

We believe there is a clear opportunity in this period of significant change for local authorities to build a lasting legacy for communities across the country.

We are sending copies of this letter to the Chancellor of the Exchequer and the Secretary of State for Communities and Local Government.

Yours sincerely,



Sir Stuart Etherington  
NCVO



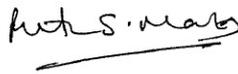
John Barrett  
Small Charities Coalition



Nick Temple  
Social Enterprise UK



Tony Armstrong  
Locality



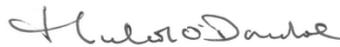
Ruth Marks MBE  
WCVA



Asheem Singh  
ACEVO



Caron Bradshaw  
Charity Finance Group



Nick O'Donohoe  
Big Society Capital



Dr John Low CBE  
Charities Aid Foundation



Neil Cleeveley  
NAVCA