

# R2O

## About R2O

brap manages the £1m Routes to Opportunity (R2O) programme. Funded by **Advantage West Midlands**, the programme is helping to develop and strengthen BME-led third sector organisations so that they can compete more effectively for public sector contracts and become more sustainable. These short case studies give a flavour of what the programme is helping BME organisations to achieve.

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## R2O Briefing 2

# Working together to improve BME third sector commissioning

A briefing for BME third sector organisations and those who wish to buy services from them



R2O is issuing a series of briefing papers highlighting key lessons that have been learnt during its first year of operation.

For much of the past decade the government has advocated an increasing role for the third sector in public service delivery and this has become central to its plans for public service reform.

While a recent R2O survey showed that at least some black and minority ethnic third sector organisations (BME TSOs) have been successful in competing for public sector contracts, many more find entering the public contracting marketplace extremely problematical.

This paper focuses on why BME TSOs are experiencing particular difficulties and makes recommendations for how greater dialogue and co-operation between public purchasers and the BME third sector and its strategic partners can help level the playing field.

**Who should read this briefing?**

It is intended for public sector commissioners and procurement officers and anyone involved in shaping the marketplace in which BME TSOs operate, including those providing capacity-building, organisational development and business support.

## KEY CHALLENGES

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The rise of third sector commissioning is posing very real challenges for the whole of the third sector, but a recent R2O survey revealed that BME TSOs face particular difficulties in entering this emerging marketplace.

Some of these difficulties arise from misconceptions about and stereotypes of the BME third sector. For example, the survey indicated that some public purchasers continue to view BME TSOs as “mainly about ‘voice’ and representation”. While it is true that the growth and development of BME TSOs has historically been closely associated with UK race relations policy and that at various times BME organisations have been encouraged specifically as a means of giving voice to marginalised communities and of promoting better community and political engagement, this has changed significantly in recent years. Many BME TSOs are now diverse service delivery organisations capable of meeting the needs of all communities.

Similarly, in the past many BME TSOs were encouraged precisely because of the ‘culturally sensitive’ services they could deliver to their ‘own’ communities, but many BME TSOs now deliver both specialist ‘targetted’ services and ‘generic’ services. Not all public purchasing organisations are aware of the full range of services the BME sector can offer – and this has been compounded by the general lack of marketing undertaken by TSOs that would help correct this view.

A key concern of many public purchasers is that BME TSOs are “are

less professional and less qualified” than their ‘non-BME’ counterparts. It is true that smaller, community-based organisations (as opposed to larger ‘professionalised’ voluntary organisations) are more heavily represented in the BME sector, but issues of size and scale are by no means restricted to the BME sector. With appropriate organisational development and capacity-building many of these smaller BME TSOs could become successful providers of public services, whether at a ‘niche’ level, or as partners delivering larger scale contracts. The key issue is whether the circumstances exist to make this possible and whether potential BME providers are receiving the support that could help them raise their game.

Our survey also identified a number of more ‘structural’ problems that inhibit BME TSOs’ performance in the public contracting marketplace. These include poor progress in modifying commissioning practise so that additional social benefits can be reflected in service specifications and recognised in third sector tenders, a lack of any systematic collection of data by public purchasing organisations regarding the ‘market share’ BME TSOs have in public service delivery, inadequate promotion of tender opportunities (especially via formal *and* informal networks), and a critical lack of any ‘joint planning’ structures or processes to enable public purchasers and third sector providers to meet together to forward plan for service capacity.

## KEY OPPORTUNITIES

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None of these are insoluble problems and the present policy climate offers unprecedented opportunities for joint working to help improve BME third sector commissioning and bring forward greater numbers of BME providers. Here are some suggestions.

### Improving sector intelligence

Detailed information about the BME third sector is lacking right across the region. The public sector cannot and should not be expected to address this problem on its own, although there are immediate steps it can take to help kick-start a movement for better sector intelligence. For example, public purchasers could 'stock-take' their existing levels of intelligence about the BME third sector and use this to draw up an 'information framework' that would assist in commissioning. Working with local networks, Councils for Voluntary Service, ChangeUP consortia and others, this could then be used as a basis for collective action – for example, to organise a BME third sector 'Service Delivery Summit' as a starting point for gathering fresh data about who's out there and what they can offer.

### A strategic approach to diversifying the supplier-base

Many public sector bodies talk about having a 'market-shaping' role but few are approaching this diversification in any strategic and methodical way. A combined effort is required which brings together the public sector, the BME third sector, infrastructure and support providers, key networks and the sector's strategic partners to ensure that efforts *and* resources are aligned for maximum impact. This should include resources and specialist expertise (such as legal advice and legal agreement 'templates') to assist the development of bidding consortia and provider partnerships.

### Systematic data about 'market share'

There is little if any systematic collection of data by public purchasing organisations regarding the 'market

share' BME TSOs have in public service delivery. In a period of public service reform and diversification, data which is disaggregated by ethnicity is a prerequisite. Internal cross-departmental systems need to be established that will enable much closer examination and tracking of third sector contract awards.

### Wider promotion of tendering/contracting opportunities

Many BME TSOs seeking information about tendering opportunities rely heavily on peer networks, informal sharing of email information, and personal contact with public sector officers. Word of mouth and informal networks are important to how the sector stays in touch. Public purchasers and commissioners need to make sure that this is recognised and factor in time to allow for word of mouth. Bear in mind that in many parts of the region BME TSOs – especially the smallest and those most dependent on volunteers – are poorly networked and find out about things relatively slowly.

### Forward planning and service forecasting

There are no 'joint planning' structures or processes to enable public purchasers and third sector providers to meet together to forward plan for service capacity. This is a critical problem in all parts of the region. Mechanisms for collaboration between different public purchasing bodies *and* between these organisations and the third sector need to be established. There is no quick, easy answer. Local Area Agreements may offer the framework within which such 'market planning' can happen, but concerted action is required to develop and test models.

### Recognising social benefit

Progress in modifying and improving commissioning practise so that additional social benefits can be recognised as part of the purchasing decision is patchy in the extreme, both regionally and nationally. Some Beacon

Award authorities (such as Birmingham City Council) have worked extremely hard in partnership with the third sector to improve commissioning. But where good practise exists it needs to be

shared much more effectively and to this end the Beacon Authorities peer support scheme should be comprehensively extended across the region.