



South Tyneside Council

item 11

Voluntary Sector Local Infrastructure Organisation (LIO) Recommissioning Report

This document has been classified as: **Not
protectively marked**

**Vicki Pattinson, Director of Adult Social Services
and Commissioning – extension 6253
Cabinet 5th November 2025**

Report to: The Executive (Cabinet)

Cabinet Portfolio/Lead Member: Cabinet Portfolio/Lead Member: Adults, Health, and Independence - Cllr Ruth Berkley / Voluntary Sector, Partnerships and Equalities - Cllr Paul Dean.

Report of: Vicki Pattinson, Director of Adult Social Services & Commissioning

Subject: Voluntary Sector Local Infrastructure Organisation (LIO) /
Recommissioning Report

Date: 5th November 2025

Wards affected: This report has implications for Voluntary Community Faith and Social Enterprise organisations across the borough.

Council ambitions: (insert which ambitions are impacted by the decision to be taken)

Does the report and any appendices contain information which has been identified as confidential or exempt?

- None

For Executive Decisions only:

Is the decision a Key Decision? Yes

Is it included in the Forward Plan? Yes

Relevant Scrutiny Chair: Councillor Fay Cunningham
(Contracts and Commissioning Scrutiny Committee)

Is the decision eligible for call-in by Scrutiny? Yes

(If the decision is anything other than any executive decision made by the Cabinet or a Key Decision made by an officer under delegated powers, call-in is not applicable. This should be explained in the report).

Purpose of Report

1. The purpose of the report is to update the Executive on the professional support the Council provides, via a contract, to Voluntary Community Faith and Social Enterprise (VCFSE) organisations in the borough and outline a proposed recommissioning plan to be implemented by 1 April 2026.

Background Information

2. The Council recognises the value of the VCFSE organisations, particularly their role in helping deliver its aspirations and statutory responsibilities. For example, for Adult Social Care (ASC), VCFSE organisations provide preventative support that help reduce the demand for statutory care services.
3. The Council currently supports the development of the sector via a contract with Inspire South Tyneside (Inspire). As part of the contract, they provide information, advice, and support to new and existing community organisations, including support with funding and volunteering, they also advocate on behalf of the sector and support the South Tyneside Pledge. Inspire is therefore the Local Infrastructure Organisation (LIO) for the VCFSE sector in the Borough.

4. The Inspire Vision is to:

“Offer support, advice, acting as a strategic reference point for the sector and the borough, as well as representing the views of the sector at strategic bodies and groups.” It seeks to “facilitate the development of a vibrant, strong and sustainable local Third sector that will work in collaboration with partners to ensure the best outcomes for residents of the borough.”

5. In addition, the Council funds “Healthnet South Tyneside” (HST) which is a local network – providing a unique voice in the borough to debate, influence and shape local health and wellbeing policies and services. Membership is open to any voluntary and community organisation or resident of South Tyneside with a health or social care interest. Inspire oversee the contract.
6. The most recent contracts for both the work of Inspire (£122,537) and HST (£21,386) was for the 2021/22 fiscal year. These have now expired, and the activity across both services (£143,923 in total) is currently being provided without a formal contractual arrangements in place.
7. As part of the Medium-Term Financial Strategy (MTFS), the Council is examining savings, including savings from VCFSE contracts. Details as to the reason for such a reduction is outlined in the Medium-Term Financial Plan outlined in background papers referenced at the end of the report.
8. There is a need to ensure that as part of the commissioning or recommissioning of this service that there has been clear engagement with

local, regional, and national stakeholders to ensure that the offer meets the future needs of the sector. As part of this process there will be several light touch engagement activities undertaken including discussions with:

- Inspire, including staff to explore their view of the service and changes.
- The local VCFSE sector to explore the future needs for support.
- Discussions with National /Regional LIO providers to explore any interest in participating in any tender process.

Main Issues and Options to be Considered

9. Stakeholder Engagement, including with relevant portfolio holders, has identified potential issues regarding the organisation's evidence of performance and its communication with stakeholder groups.
10. Across the stakeholders, there are mixed views on the strategic direction of the organisation, with many organisations anecdotally reporting they are yet to see the benefits of investment in capacity, including with the Plinth! Platform.
11. Oversight of the delivery of the South Tyneside VCFSE Strategy has not been evidenced by Inspire. The required Annual Report to the South Tyneside Partnership has not been delivered by Inspire.
12. An agreement with the Local Authority to support Community Associations (CAs) as a critical friend and advisor has not progressed.
13. An ongoing vacant Funding Officer post in Inspire has resulted in some funding enquiries being diverted to the Local Authority, with the volume of these enquiries increasing whilst the post remains unfilled.

Consideration of future options

14. There are several potential options to take the LIO contract forward. These include the decommissioning of the service, bringing activities in house or issuing a short-term contract in the interim period and running a procurement exercise in year.
15. The option of a short-term contract awarded to Inspire with procurement to follow would be the recommended option, enabling a recommission of the service initially to the 31 March 2026, albeit with a slightly reduced budget to that currently allocated in line with Council-wide savings requirements. This option will allow the service to continue to support the sector in an interim period while it structures itself with a performance reporting

mechanism that looks to provide evidence of performance against anticipated outcomes and outputs. It would then enable a new contract to commence from 1 April 2026. The new contract would be proposed to be for three years and would cover both the Local Infrastructure Organisation and Healthnet South Tyneside elements.

16. It is proposed that this procurement exercise would develop an interim specification for the initial 12-month term running from 1 April 2026, noting limited time to develop a new specification prior to procurement. Following wider sector engagement, a more detailed specification developed through a co-production exercise would be undertaken to reflect the period from the 2027/28 fiscal year onward and ensuring an up-to-date approach to delivery of the service from both the Council and the VCFSE Sector perspective.
17. A reduction in the proposed grant to Inspire of £8,400 has been outlined by the Council as part of budget changes in the 2025/26 fiscal year. This would reduce the grant to £114,137, whilst the £21,386 for HST remains unchanged. The total 2025-2026 allocation across both areas of work would therefore be £135,523. It is proposed that the tender value would be this revised amount per annum with the option for inflationary uplifts to be applied in line with wider Council budget setting for the following years.
18. Without the extension of the current financial arrangements, support to the VCFSE sector via Inspire would cease and there would be an immediate impact on both large and small, and new and existing, VCFSE groups in the borough. This would include:
 - A reduction in the voice of the sector in strategic meetings and reduced influence in policy making.
 - Reduced communication across the sector with both public sector and voluntary sector partners
 - Cessation of the Healthnet South Tyneside provision, albeit potentially on a short term until a new provider could be found.
 - A potential reduction in the take up of volunteering opportunities.
19. The loss of the Healthnet South Tyneside contract would have a negative impact on the collaboration of VCFSE groups in the sector to come together to debate local issues and would significantly limit the intelligence provided to the health and social care providers locally on such issues.
20. The Council subscribes to Grantfinder tool that Inspire then use for Funding to ensure VCFSE organisations have access to grant information. This would be a key part of the recommissioning process. The Council could consider not retendering for this work and this being a saving – this has implications that are explored later in the report.
21. In addition to working with Inspire on improving KPI's and contract performance, as part of the commissioning cycle there is a need to undertake a limited Soft Market Testing Exercise (SMTE) to explore the interest of other organisations ahead of commencement of a formal tender process.

22. This approach helps to ensure value for money and research to seek views from the market as to interest in applying for the work as part of any new tender. The report seek permission to proceed on this basis.

Procurement Arrangements

23. The 2023 Procurement Act (PA23) came into force in February 2025. This is introducing changes as to how the Council procures contracts in the future, supporting greater transparency in commissioning all publicly funded contracts. It would, for example, not possible to direct award the Inspire contract, unless work has been done, as suggested above, to ensure that there is no market for the contract.
24. It has been agreed as part of the Councils new [2025-2027 Commissioning Strategy](#) that the commissioning of the Inspire (and HST) contracts should form part of the work programme for the 25/26 fiscal year and beyond. The proposed timeline is as follows:

Activity	Timeline
Cabinet Approval of the Process	November 2025
Soft Market Testing Exercise	November 2025
Specification Development and approval	November / December 2025
VCFSSE Sector engagement – future delivery	December 2026
TUPE Implications	December 2026
Tender Process	January 2026
Cabinet Approval for Contract Award	March 2026
Contract Award	March 2026
Standstill Period	March 2026
Mobilisation Period/TUPE (if applicable)	March 2026
Contract Start date	1 April 2026

25. Timings may change should the Council decide that it is able to (and decide to) direct award in conjunction with procurement rules and constitutional decision making.

Alignment with South Tyneside Priorities

26. The Service helps to deliver on the ambitions of the [South Tyneside Strategy](#), supporting residents to be healthy as well and be part of strong communities.
27. It also meets the strategic objectives of the Adult Social Care and Commissioning Directorate's [Living Better Lives Strategy](#) 2022-2026, addressing the need for early intervention and working collaboratively with local communities to improve health and care.
28. Additionally, the proposed approach meets the needs of the Council's Voluntary, Community and Social Enterprise Strategy 2023-2026, with particular emphasis on the sector to be Thriving and Sustainable, Connected, Inclusive and Collaborative, be Insight Led and Impactful – and therefore in a position to support the growth of the VCFSE sector in the borough.

Financial and Value for Money Implications

29. The re-commissioning of the service provides the Council with the opportunity to re-evaluate what is needed within the contract(s) and seek the views of others to consider alternative options for delivery including the potential for a future direct award. This and proposed future co-production exercises will allow the Council to ensure value for money for the South Tyneside pound.
30. The reduction in the proposed grant to Inspire of £8,400 forms part of overall budget changes relating to the 2025/26 fiscal year agreed in the February Council budget meeting. This would see a reduction in the Inspire grant to £114,137, whilst the £21,386 for Healthnet South Tyneside would remain unchanged. The total allocation for the 2025-2026 fiscal year would be £135,523.
31. It is proposed that this revised budget for of £135,523 form the base budget for any tender process. The intention would be to award a three-year contract with the option for inflationary uplifts to be applied in line with wider Council budget setting for the following years. This would have a total value of £406,569

Legal Implications

- 32. The 2014 Care Act outlines the approach to wellbeing that identifies and utilises existing community resources, including voluntary groups, to prevent or delay the need for formal care and support, and places a duty on local authorities to ensure residents have access to comprehensive, accessible information. VCFSE organisations are often well placed to deliver on its behalf.
- 33. The VCFSE sector is seen as a critical partner in promoting wellbeing, a core principle of the Care Act. Their community roots and responsiveness make them ideal for supporting isolated individuals, delivering culturally appropriate services, and engaging hard-to-reach groups.
- 34. There is a need for the Council to follow the legal framework relating to the re-commissioning of contracts as outlined in the Procurement Act 2023.

Risk and Opportunities Implications

- 35. A decision not to proceed with the funding for the 2025/26 fiscal year would see support to the VCFSE sector cease, adversely impacting on the medium to long term opportunities for VCFSE organisations to grow and develop and offer preventative services.
- 36. The Council could decide not to continue to offer support for these groups, and therefore not undertake the re-commissioning of this service. This would limit the ability of VCFSE organisations to attract external grant funding to support the delivery of services for South Tyneside residents that can only be accessed via Voluntary Sector delivery partners.

Equality and Diversity Implications

- 37. Under equality legislation the Council has a legal duty to pay due regard to the need to eliminate discrimination and promote equality in relation to race, disability, gender, sex, gender reassignment, age, sexual orientation, pregnancy and maternity, marriage (in the case of employment), and religion or belief. The support provided to the VCFSE sector aims to ensure that all groups are equally able to access support and therefore addresses

equality and diversity needs. The VCFSE sector plays a key role in the borough through supporting people who are marginalised and with seldom heard voices. The sector assists people to access statutory services or prevents them from needing to do so through delivery of effective alternative community-based solutions.

Environmental and Sustainability Implications

38. The Contract will support the development of local community groups and organisations with a local offer, providing services for and in local communities, reducing the need to travel and limiting the local carbon footprint. There are no significant environmental and sustainability implications arising from the proposed recommendations in this report.

Options to be considered.

39. Three options have been suggested these include:
40. **Option 1** - Issuing a short-term contract of six months to Inspire. This would allow work to be undertaken with Inspire to clearly define parameters and expectations for the period and hold the organisation to account. This would run in parallel with a tender exercise to award a new contract for up to three years with a commencement date of 1 April 2026.
41. **Option 2** - The second option would be to decommission the service from Inspire, serving notice with immediate effect. However, the sector has not been fully and properly consulted, and it is likely that Inspire would collapse leading to job losses, an empty building, and a lack of alternative provision. Though this would save money for the Council it would not enable a suitable alternative to be put in place.
42. **Option 3** - An alternative option would be to bring the service “in house” within the Council. This would give greater control over the delivery of sector support and assist the implementation of the Voluntary Sector strategy. However, this could lead to loss of impartiality and does not align with strategic ambitions. This model may also potentially limit opportunities to access third party grant funding streams in the future.

Recommendations

43. The suggested option would be **Option 1**, to issue a short-term contract to Inspire for the remainder of the 2025/6 fiscal year. This would allow further work to be done with Inspire to examine ways to improve the performance of the service. This would run in parallel with a tender exercise to award a new contract for three years with a commencement

date of 1 April 2026. Details of proposed KPI's / performance measures are included in Appendix 1

44. Cabinet is asked to approve the funding of £135,523 (£114,137 Inspire and £21,384 Healthnet South Tyneside) covering the fiscal year to the 31 March 2026, including a five-month period outlined above via a short-term contract.
45. Cabinet is asked to approve the commencement of a tender exercise for the Voluntary Sector LIO contract and Healthnet South Tyneside element in the timescale outlined in the report at paragraph 24. This would award a three-year contract from 1 April 2026 to the selected organisation with a value of £135,523 per annum. This contract would have a total value of £406,569 over the full proposed three-year contract term.
46. Should Cabinet approve the tender process, then on conclusion of this activity, a contract award report will be produced for Cabinet to consider approval of the proposed future provider of the Voluntary Sector LIO contract and Healthnet South Tyneside contract.

Reasons for Recommendations

47. **Option 1** would allow Officers to work with Inspire to develop a new suite of KPI's to measure performance whilst the service is subject to a tender exercise for a longer term contract from 1 April 2026 to be awarded to the selected organisation.
48. The proposed approach provides some continuity for the VCFSE sector during the current fiscal year, whilst allowing the Council to consider other models and the interest from other organisations from 1 April 2026.
49. The approach could also include the ability to offer payments on a phased basis to better ensure value for money, such as quarterly payments in arrears rather than the historical approach of a single annual payment.
50. The Director of Business and Resources has confirmed that funding would be available to allow the proposed in year contract award to Inspire and to facilitate future procurement, should this be the preferred option of Cabinet.

List of Appendices

51. **Appendix 1 - Proposed Inspire and Health Net Performance Criteria**

1) Inspire - Quantitative measures – Quarterly.

Increased investment into the VCSE sector from Public Funds (ICB/LA)

Ambition – Maximise the funding secured to VCFSE sector in the borough to ensure services in the borough - South Tyneside.

The number of groups supported. New / existing / disbanded.

Ambition – Maximise the number of VCFSE groups in the borough that are providing support to ST residents.

VCFSE Support Activities

- Number of organisations registered with Plinth.
- Number of organisations using Plinth once / in 12 months.
- Number of mailings to community groups
- Number of organisations reading/ engaging as a result
- Number of people accessing courses (external e.g., safeguarding)
- Number of networks attended and purpose of the meeting.
- Number of volunteers matched with opportunities.

Ambition – Maximise the value of the resources provided by the council to support the VCFSE sector – including Plinth.

2) Inspire Qualitative measures – Quarterly.

Inspire Impact report to include:

- Quarterly report on outcomes of Meetings attendance
- Quarterly Case Study – on a VCFSE organisation funding application
- Quarterly Case study on Volunteering Activity
- Annual Report

Ambitions – see those above for Inspire

3) Healthnet Impact report – Quarterly

Delivery of the Healthnet networking meetings to support communication and interaction between health and social care partners – supporting service growth and delivery.

- Number of network meetings held / organisations attending
- Number of residents attending
- Annual report of areas of activity

Ambition – Help develop better working relationships between health and social partners and seek they views of residents on such services.

Voluntary Sector Local Infrastructure Organisation (LIO) Recommissioning Report

The following is a list of the background papers (excluding exempt papers) relied upon in the preparation of the above report:

Background Paper	File Ref:	File Location
Council Budget Meeting February 2025 – Medium Term Financial Plan 2025 - 2030.		Published on the Council Website

Equality Impact Assessment (EqIA)

All public authorities are required to, in carrying out their functions, show due regard for the need to: eliminate unlawful discrimination; advance equality of opportunity between people who shared a protected characteristic and those who don't; and foster good relations between people who share a relevant protected characteristic and those who do not (Equalities Act 2010).

Services are responsible for ensuring that EqIAs are completed to help inform decision making on all relevant Key Decisions, new or revised policies and any substantial proposed changes to services.

This process helps decision makers to assess, and evidence that they have assessed, the potential implications of a proposed policy or service change on service users with protected characteristics. It supports reflection on implications for different groups and prompts the identification of any mitigation activities that may need to be taken to minimise potential inequalities that could result from the proposal.

Directorate	ASC and Commissioning	Service	Strategic Commissioning (Older People)
Responsible Officer (Title)	Steve Reay	Date of Assessment	16/9/2025
Brief description of the proposed new or altered policy or service?			
The Council currently supports the development of the approximately 2000 VCFSE groups in the sector via a contract with Inspire South Tyneside (Inspire). As part of the contract, they provide information, advice, and support to new and existing VCFSE organisations and advocate on behalf of the sector. Inspire is therefore the Local Infrastructure Organisation (LIO) for the VCFSE sector in South Tyneside. In addition, the Council funds "Healthnet South Tyneside" (HST) which is a local network – providing a unique voice in the borough to debate, influence and shape local health and wellbeing policies and services. Membership is open to any voluntary and community organisation or resident of South Tyneside with a health or social care interest. Inspire oversee the contract. The Council is looking to recommission the service and as such is examining whether it is fit for purpose or whether changes in delivery are needed.			
Who are the main customer or employee groups affected by this new or altered policy or service?			
The Service is available to all new or existing VCFSE organisations in the borough – volunteering opportunities across the sector are available to all residents.			

What evidence and engagement has been considered to inform this assessment? *(Please reference and summarise data sources or engagement exercises and their findings)*

There is a need to ensure that as part of the commissioning or recommissioning of this service that there has been clear engagement with local, regional, and national 'actors' to ensure that the offer meets the future needs of the sector. As part of this process there will be several co-production activities undertaken including discussions with:

- Inspire, including staff to explore their view of the service and changes.
- The local VCFSE sector to explore the future needs for support.
- Discussions with National /Regional LIO providers to explore any interest in participating in any tender process.

Identification and description of impact. Please identify where there is a positive, neutral or negative impact. Then describe in more detail the nature of any identified potential disproportionate negative impact, including any potential barriers to access, existing or anticipated unequal outcomes or experiences, and effect on intra-group relations and community cohesion:

The Nine Protected Characteristics (as identified by the Equalities Act 2010)

Age	Positive	Positive impact: Work will include the development of new / existing community groups will support children and adults of all ages – whilst also offering volunteering opportunities. 151,393* residents in the borough growth in older people who often have barriers to accessing services. The work developing new and supporting existing VCFSE services in the borough, including training, will create high quality services for older people. * (2024 ONS mid-year population estimates - ST Data observatory)
Disability	Positive	Positive impact: Work will include the development of new / existing community groups will support people with disabilities – whilst also offering volunteering opportunities. The further development of the Healthnet service will develop opportunities for collaboration by Health and Social Care partners – and utilise the knowledge and experience of residents. 2021 Census outlines 22.1% of South Tyneside's population—which equates to 33,368 people—reported having a disability, this service can develop support for people from marginalised communities.
Sex	Positive	Positive impact: Work will include the new and supporting existing VCFSE services in the borough, and training opportunities, will support this activity. Current split of the population 49% Men 51% Female. Whilst limited negative impact as the population is relatively well balanced the service would be able to support the

		development of men's groups and activities (ST Data Observatory)
Sexual Orientation	Positive	Positive impact: Work will include the development of new / existing community groups will be able to support development of services for these residents - whilst also offering volunteering opportunities The 2021 census identified that 2.6% of respondents identified with a sexual orientation other than heterosexual. This service can support the development of groups or organisations seeking to support these residents.
Gender Reassignment	Positive	Positive impact: Work will include the development of new / existing community groups will be able to support development of services for these residents - whilst also offering volunteering opportunities Gender Identity Identified with gender assigned at birth: 95.31% Did not identify with gender assigned at birth: 0.38% Trans men: 113 people Trans women: 76 people Non-binary: 58 people
Marriage or Civil Partnership (in employment only)	Neutral / No Impact	There will be no negative activity arising from this activity
Pregnancy and Maternity	Neutral / No Impact	There will be no negative activity arising from this activity
Race (including colour, ethnicity, nationality or national origin)	Positive	Positive impact: This activity will positively support the development of new and existing organisations in the borough with KPI's demonstrating help with funding, training and volunteering. 94.4% of the ST Population is white remainder is from ethnic minorities – therefore significant disproportion – this service will be able to support the developments of groups and organisations that support cultural diversity and services (ST Data Observatory)
Religion or belief	Positive	Positive impact: This service will be able to help faith groups with funding raising, charitable status and training - whilst also offering support with volunteering opportunities 53% of the population Christian 44% no beliefs or unanswered. Service would be able to support

		the development of services to support people from other faiths and religions. (ST Data Observatory)
Other Groups		
Care Leavers	Positive	Positive impact: development of new / existing community groups will be able to support development of services for these residents, also training opportunities, involvement with voluntary groups and work experience. Approximately 35 to 38 young people leave care each year – this service (STC information)
Armed Forces Veterans	Positive	Positive impact: development of new / existing community groups will be able to support development of services for these residents - whilst also offering volunteering opportunities and training. Direct links with Healthnet service to support veterans – including links to health and social care provision. 94.7% not previously served in Armed forces. (ST Data Observatory).
Those at risk of socio-economic disadvantage	Positive	Positive impact: development of new / existing community groups will be able to support development of services for these residents - whilst also offering training, work experience and volunteering opportunities 24.5% of the population of the borough live in most 10% deprived areas as per the 2019 Indices of Multiple Deprivation – Groups or organisations developed by the service will support these residents
Please indicate what actions you intend to take to mitigate negative impact, where it has been identified		
The activity will support new and existing groups and volunteering opportunities, training and promoting collaboration via Healthnet – these are seen to have a positive impact or be neutral. However, should for example should only one organisation be able to apply for funding – the service will look at alternative approaches to support others.		
Are there any negative impacts that cannot reasonably be avoided? If so, on balance, please describe your rationale for why it is it still appropriate to proceed with the proposal.		
The funding issue highlighted above would be difficult to be avoided and therefore the skills and experience of the groups applying should be considered. However other options for supporting other groups will be considered to maximise the opportunities locally		

How do you plan to monitor ongoing impact and the effectiveness of any identified mitigation activities?

Performance reports will help identify the group and type of individuals that are supported – This will allow the monitoring of activity and effectiveness

Responsible Officer Title & Sign-Off Date	S. C. Reay Senior Commissioning Officer (xxxx)	Head of Service Title & Sign-Off Date	Nathan Atkinson – Interim Strategic Lead Commissioning	Lead Member & Sign-Off Date	
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