



South Tyneside Council

item 8

Voluntary Sector Local Infrastructure Organisation (LIO) Contract Award

This document has been classified as: **Not
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**Vicki Pattinson, Director of Adult Social Services
and Commissioning – extension 4070
Cabinet 27 May 2026**

Report to The Cabinet

Cabinet Portfolio/Lead Member: Lead Member for Adults, Health and Independence

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

Subject: Voluntary Sector Local Infrastructure Organisation (LIO) Contract Award

Date: 27 May 2026

Wards affected: All

Council ambitions: Part of Strong Communities and Targeted Support to Make Things Fairer.

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

- No, this report does not contain information identified as confidential or exempt.

For Executive Decisions only:

Is the decision a Key Decision? Yes

Is it included in the Forward Plan? Yes

If not in the Forward Plan is the report: n/a

Relevant Scrutiny Chair: Chair of Overview and 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. This report seeks to update the Executive on the tender process relating to the award of a new 3-year contract commencing 1 September 2026 for a Local Infrastructure Organisation (LIO) for the Voluntary, Community, Faith and Social Enterprise Sector (VCFSE) and South Tyneside Healthnet (STH) network in the Borough and seek permission to award a contract.

Background Information

2. The Council recognises the value of voluntary organisations, particularly their role in helping deliver its aspirations and statutory responsibilities. Prevention is one of Adult Social Care's (ASC) statutory duties, with voluntary sector services helping local people to live well in the community, whilst helping to reduce the demand for council services.
3. For many years, the Council has supported the development of the sector via a contract with Inspire South Tyneside (Inspire). As part of the contract, they have provided 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 has therefore been, for a number of years, the Borough's Local Infrastructure Organisation (LIO).
4. In addition, the Council funds "Healthnet South Tyneside" (HST), a local network providing a unique local voice in the Borough, to debate, influence and shape local health and wellbeing policies and services.
5. In order to ensure value for money, there is a need for the Council to ensure that all such contracts are reprocured in a timely manner to ensure value for money, transparency, and effective delivery of services.
6. As part of the process to re-tender, stakeholder engagement, including with relevant portfolio holders and staff was undertaken. In addition, work undertaken by the Council's 'Engagement, Communication, and Support Service', on the future needs of VCFSE sector, were also considered.
7. There was also a soft market testing exercise, which was undertaken in November 2025. From this, one organisation, Age Concern Tyneside South, responded and expressed an initial interest in the contract, although this supplier did not submit a subsequent bid.

Main issues and Options to be Considered

Competitive Tender Exercise

8. The tender exercise went live on 5 January 2026 and was open until 13 February 2026. The tender was promoted on the Open E-Procurement System, the Government's Find a Tender Service and distributed to organisations that expressed an interest in the service. One application was received from the incumbent supplier, Inspire South Tyneside.
9. Whilst this is disappointing, it is not unusual given that the tender relates to geographic related activity, and a relatively limited budget. In such cases incumbent organisations know the area in detail and often VCFSE organisations in this area of work do not tend to move into other localities. Also, the cost of establishing a new service of this type can be costly.
10. Overseen by the Corporate Procurement Team, officers from the Strategic Commissioning Team, Public Health and Engagement and Communication and Support Services were involved in the evaluation of tender.
11. The annual contract price of £135,523 was set by the Council, therefore there was no price evaluation. The tender evaluation was based on 90% quality and 10% social value and the overall score achieved by the winning bidder, Inspire South Tyneside, was 642 out of a possible 1000 points.
12. The supplier has committed to deliver £29,575.60 of social value over the term of the contract.
13. Following the competitive tender process it is proposed, with Cabinet approval, to award the contract to Inspire South Tyneside.

Contract Award and Implementation Timeline

14. The base budget for this contract is £135,523, which includes £114,137, for the LIO and £21,386 for HST. The total allocation for the 2026-2027 financial year would be £135,523.
15. Subject to Cabinet approval, the intention is 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.
16. The awarding of this contract is within the timeline agreed as part of the 2025-2027 Commissioning Strategy.
17. In the Cabinet report of 5 November 2025 and outlined implementation timeline the ambition was to have awarded the contract by 31 March 2026 with the new contract

commencing 1 April 2026. However, it has not been possible to award within this timeframe.

18. The timeline for implementation is as follows:

Activity	Timeline
Soft Market Testing Exercise	November 2025
Specification Development and Approval	November / December 2025
TUPE Implications	December 2026
Tender Process	January / February 2026
Cabinet Approval for Contract Award	May 2026
Contract Award	May 2026
Standstill Period	May / June 2026
Mobilisation Period/TUPE (if applicable)	July/ August 2026
Contract Start date	1 September 2026

Alignment with South Tyneside Priorities

19. 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.
20. 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.
21. 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.

Implications

22. Under the Care Act 2014, local authorities have specific commissioning responsibilities aimed at promoting individual wellbeing and ensuring the effective delivery of care and support services. These include:

- **Market Shaping:** promoting the efficient operation of the care market, understanding local supply and demand and ensuring that a diverse range of quality services is available. Ensuring that the services they commission are diverse, high-quality, and accessible to all individuals, regardless of how their care is funded.
- **Promoting Individual Wellbeing and Preventing Needs for Care and Support:** Including ensuring the provision of comprehensive information and advice about available care and support services is crucial for empowering individuals to make informed choices.

23. The VCFSE sector is a key component in ensuring the authority meets these statutory requirements. Whilst not a statutory service, the loss of the LIO and Healthnet provision, would put the sustainability of the VCFSE sector in the Borough at significant risk and reduce opportunities for the development of new organisations and growth of existing ones.
24. The loss of the service may also see reputational damage to the Council, from growth of the sector locally and from a regional perspective from the prospective of the ability for South Tyneside to be able to participate in National VCFSE initiative but also regional funding programmes such as for example from the North East Combined Authority.
25. In addition, the LIO helps promote the voice of the Voluntary Sector in the Borough and is a key partner in the wider community of South Tyneside. A reduction in voluntary opportunities would be seen from the loss of this service.

Financial and Resources

26. There are no capital implications relating to this contract.
27. The revenue support is used to support salaries, which in part supports the development of community organisations that generate grant income and fees to support and sustain their development. This would help provide services that support local people whilst reducing the need for statutory council support.
28. In the 2025/26 financial year the existing contract holder has helped secure over £1m in funding to support the sector in the Borough, a return ratio of approximately 8:1.
29. The base budget for this contract is £135,523, which includes £114,137, for the LIO and £21,386 for HST. The total allocation for the 2026-2027 financial year would be £135,523.
30. Subject to Cabinet approval, the intention is 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.
31. This approach allows the Council to ensure value for money for South Tyneside.

Legal and Governance

- 32. The Care Act 2014 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 and the Procurement Rules stipulated in the Council's Constitution.
- 35. The Strategic Commissioning Team in Adult Social Care will monitor the provider against the contract key performance indicators (KPIs) and deliverables as set out in the contract and service specification.

Risk

- 36. A decision not to proceed with the funding for the new contract would see infrastructure support to the VCFSE sector cease, adversely impacting on the medium to long term opportunities for VCFSE organisations, working with the Council and partners, further develop the strategic partnerships to enable a strong focus on early intervention and prevention. This would also see the opportunities for collaboration between Health and Social Care sector partners diminish with the cessation of the HST element of this contract.
- 37. 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. This would also see support for volunteers reduced, including Carers.
- 38. The support offered by LIOs to VCFSE organisations, to support the development of new and the growth of existing organisations is often specialist in nature. Therefore, this is a small market, which generated only limited interest. However, the requirements of the tender process have been met, and it is recommended that the Council proceed with the award.

Equality and Diversity and Community

39. 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.
40. 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 and has considerable experience in responding to the culturally diverse needs of the South Tyneside population. The sector also 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

41. 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.

Council Ambitions, Policies, Strategies and Plans

42. This contract supports the strategic objectives of the South Tyneside Strategy, which includes helping financial security and remaining healthy. It also helps achieve the ambitions of the Adult Social Care's (ASC) Living Better Lives Strategy which includes early intervention and improving health and care.
43. Additionally, it supports the aspirations of partners objectives such as the NHS Long Term Plan.
44. It also supports the delivery of the South Tyneside Voluntary Sector Strategy 2023-2026, to build strong and sustainable partnerships that makes South Tyneside a place where people live happy, healthy, and fulfilled lives.

Consultation and Engagement

45. Co-production activities were undertaken with the staff of Inspire to review delivery and support to the sector.

46. The process was supported by the Council's Engagement, Communications and Support Services, including the Community Engagement Officer, who works extensively with the sector. This work builds on the development and implementation of the Voluntary, Community and Social Enterprise Strategy 2023-2026, which communicated widely in terms of the future needs of the sector in the Borough.
47. The Strategic Commissioning Team explored the regional footprint to explore the approach adopted by other areas in terms of voluntary sector support.
48. The Procurement Act 2023 (PA23) makes it a requirement to tender for contracts on a regular basis. Procurement rules were followed with this contract including an initial Soft Market Testing Exercise (SMTE) and formal tender process. Whilst there was a limited response this was thought to be due to this being a uniqueness of the contract.

Recommendations

49. Cabinet is asked to approve the contact award to Inspire South Tyneside, on a three-year basis from 1 September 2026 until 31 August 2029.

Reasons for Recommendations

50. The contract award will provide some sustainability to the support for the VCFSE sector, which in turn will provide in part preventative services that will help deliver Care Act 2014 duties.
51. The contract will also help reduce the pressure on statutory services through the availability of community-based provision.
52. The Healthnet ST element of the contract will support health and social care collaboration.
53. The contract will also promote opportunities for volunteering including support for Carers who may wish to volunteer.

List of Appendices

Appendix 1 - EqIA

Voluntary Sector Local Infrastructure Organisation (LIO) Contract Award

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 Cabinet Report Voluntary Sector Local Infrastructure Organisation (LIO) – Recommissioning Report – (5 November 2025)		Published on the Council Website

Appendix 1

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	04 March 2026
Brief description of the proposed new or altered policy or service?			
Via this contract the council will support the development of new and existing VCFSE organisations in the borough. Currently there are approximately 500 existing groups The LIO will offer information, advice, and support is and advocate on behalf of the sector. Subject to the approval of this report Inspire South Tyneside (Inspire) will be Local Infrastructure Organisation (LIO) for the VCFSE sector in the borough. 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. As the contract holder Inspire will oversee the contract. The Council is recommissioning the service, with a tender exercise seeking to ensure value for money and continuity in delivery.			
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 recommissioning of this service that there has been clear engagement to ensure that the offer meets the future needs of the sector. This has included:

- Discussions with LIO staff to explore their view of the service and changes.
- Utilisation of co-production activities undertaken by the Councils Engagement, Communication, and support service – to seek the views of local people and organisation with the approach helping to meet the aspirations of the Council's Voluntary, Community and Social Enterprise Strategy 2023-2026.
- Discussions with Councillor's, including with relevant portfolio holders.
- A Soft Market Testing Exercise to explore any interest of organisations interested in participating in any tender process.
- Full competitive tender process undertaken.

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.

Are there any negative impacts that cannot reasonably be avoided? If so, on balance, please describe your rationale for why it is still appropriate to proceed with the proposal.

The activity will support new and existing groups and volunteering opportunities, training and promoting collaboration via Healthnet. There are no negative impacts – if the contract is awarded. Should the contract not be awarded then support to the sector would cease – this would impact on the growth and sustainability of community organisations locally.

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

Quarterly performance reports will help identify the groups 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 (04/03/2026)	Head of Service Title & Sign-Off Date	Zoe Campbell Head of Commissioning, Assurance and Reform. (TBC)	Lead Member & Sign- Off Date	
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