

Others were particularly concerned about the lack of any funding built into contracts for staff development:

Apart from the bigger ones where we can build it in, there's no money in the contracts for training and development – these have to be met from voluntary funds.

At the same time, several respondents highlighted the importance of maintaining investment in workforce development to ensure that staff are equipped to meet changing demands:

Our input has been considerable over last couple of years. We've developed accredited schemes in house. . Quite a time investment, but we felt it was essential re tendering for contracts.

In terms of workforce planning, some organisations were concerned about the impact on staff retention:

We can't plan because we don't know needs until bid secured. It increases staff turnover.

Small organisations found managing uncertainty particularly challenging. As one interviewee put it:

You have to take a leap of faith and appoint in hope...

However, on the positive side, in some instances interviewees were grateful for the longer contracts commissioning had brought:

We have had to build our HR capacity for all the recruitment involved with new contracts. Recruiting staff takes a lot of time and it generally has to be done very fast after the contract is signed so that the service can be set up (the time is often made even shorter because there is a delay in the signing of the contract). On the plus side, contracts awarded through the new commissioning process are usually for longer than the year on year renewals we have generally had to deal with – so workforce planning becomes more realistic.

Organisations described the steps they took to avoid making staff redundant. However, there have been job losses. One organisation had experienced a reduced demand for its services because a particular LA had recently contracted with another large provider and some redundancies had resulted. While another described how:

We've one member of staff who's lost his job twice in a year – we lost the contract for his original job, we managed to move him to another post – but we've now lost

the contract for that. I'm concerned that people will start to be cautious about working for smaller voluntaries because of the insecurity.

The third important issue has been the effect of TUPE (The Transfer of Undertakings (Protection of Employment) Regulations 2006) This legislation applies when services run by the local authority are taken over by a voluntary organisation (or private provider) or vice versa. Staff transferring to new employers receive protection for their employment terms and conditions, particularly with regard to their salaries and pensions.

TUPE is extremely problematic. In one case the cost for one person was £120,000, involving redundancy and pension costs. It has been known for a LA to put a project out to tender, for the charity to address the restructuring, addressing redundancy etc, and for the LA to then re-absorb the project. TUPE means that small charities cannot take on projects, as they do not have the reserves; also not all LAs actually identify TUPE requirements adequately.

Pensions can be a particularly significant challenge for charities required to honour the pension provisions to an equivalent standard to the local authority or other final salary based schemes. This is unmanageable for small charities which may not have the substantial reserves required to meet the historical obligations which accompany these schemes.

Where possible we try to TUPE staff either in or out so they can stay in the same job, but we're starting to have people TUPEd in who are refusing to accept the same conditions as our other staff – this can cause some real difficulties. Also, we use freelancers for some of our work – they don't have TUPE rights – if they want to stay on with the organisation that's won the contract instead of us they have to negotiate separately. This is an issue where hourly rates vary dramatically.

When a voluntary organisation loses a tender for a service it has been running, TUPE also applies – i.e. existing staff have the right to transfer across to the organisation which has won the tender. This can have a host of implications for staff. For example, one interviewee gave an instance of a contract going to another charity which had different qualification requirements for their managers. Some managers being TUPEd across did not have the qualification the other charity expected for the same level of post.

For some small organisations the loss of staff through TUPE means their work becomes untenable – they've lost both the funding and the staff skills.

I met with Trustees earlier this week and have to prepare organisation for all possible scenarios e.g. if the LA took services in-house and 50 of our staff were TUPEd in would we still be viable as an organisation? Could we meet our other contractual obligations if we lost the Children's Centre platform we've hung them on?

We've lost a few staff to other organisations. In one area we lost a contract to another charity so two schemes closed and the staff TUPEd across to the other organisation (though one felt so strongly about retaining her project she set up her own outfit).

One interviewee highlighted the issue of volunteers which she said was frequently overlooked:

Our services rely heavily on local volunteers who are often very loyal to our organisation. It is sometimes assumed that when one of our contracts goes to another provider that the volunteers will go too – but of course volunteers are not covered by TUPE – and they don't always want to offer their services to another organisation. One unforeseen consequence therefore is that the commitment and skill of volunteers are simply lost.

One interviewee summed up the concerns of many:

These arrangements are SO difficult for staff and they're just not sustainable forever. Small organisations just can't go through ups and downs of such frequency where the organisation is only as secure as its next contract.

We've made a significant investment in workforce and we try to keep them informed. But it's impossible to predict what we'll need and what staff will need beyond this year.

IMPACT ON STRATEGIC PLANNING AND SERVICE DELIVERY

Some interviewees were blunt about the negative impact on strategic planning which they perceived to be the result of commissioning

The general disorganisation of commissioning processes has limited our ability to strategically plan.

Not knowing where we will be next year... It creates uncertainty, so we can't give trustees re-assurance because we're so uncertain about income. It's unsettling at every level.

However, it was also felt that the new environment had forced two organisations to stop 'pottering along' and to pay positive attention to income generation and the organisation's future development. Another two emphasized the improvement of having three-year contracts over year by year grant renewal.

One interviewee felt her organisation 'has been spurred on to do more and new things'. Some organisations had diversified into new services but, where this was the case,

most were clear that this was based on their own identification of an area of need rather than something they had felt pressured into by commissioners. Most claimed to be pursuing a policy of '*sticking to what we are known for and know about*'.

However, a couple of interviewees did feel that their organisation had been forced into a different shape by the necessity of chasing commissions:

Some commissioners have packaged services together in a single contract so you have to go for all or none.... It's meant we've had to compromise our service offer and divert ourselves from our core purpose.

A couple made the point that the biggest impact on services was the result of the cost-cutting discussed above:

We've had to target services much more because we have less money for more children. So now we provide one group across four centres rather than one in each. We are spread thinner and have to prioritise families with higher levels of need.

Overall, interviewees did not seem to think that commissioning had made much difference to their ability to innovate or take risks with different services or ways of working. On the one hand, one interviewee thought that there were:

Greater opportunities to take risks in some areas because the contract provides stability in others. If you have three years money for your core business it isn't so scary to take risks round the edges. Taking a few risks is a good antidote to the boring ongoing demands of the contract which is good for staff morale.

On the other, some interviewees commented that they relied on their voluntary funds to create innovation and that starting new work was a risk because:

The system tends to result in short term approach due to difficulty in generating long term funding.

Attention was drawn by two interviewees to the mismatch between the priorities of grant making bodies, who often want to fund new projects and local authority commissioners who generally only want to fund in their core priority areas. This means that innovative projects set up with short-term grant funding will often struggle to get continuation funding, unless a local authority recognises the service as meeting a priority need it has identified. One person observed that some services were particularly hard to get funding for as they don't fit any individual commissioners' priorities, but are vital to a group of service users; domestic violence support being a clear case in point.

In 2009, interviewees reported that whilst the financial situation was more challenging, their organisations were generally maintaining their levels of service provision. By 2010, there were more examples of service losses and several examples of local authorities making changes in contractual requirements at short notice. One organisation described having won a tender from a local authority for a specific set of services. After only four months, the authority decided they wanted a wider set of services. The provider was told it could re-tender for this wider remit but the voluntary organisation concerned felt that the new expectations were too far outside their domain:

It all caused huge amounts of work especially as we'd taken on numbers of staff. Some got TUPED over and we managed to redeploy others, but it was hugely expensive.

Another interviewee described how the footprints of some of the Children's Centres their organisation is contracted to run have been changed part way through the contract without consultation or recontracting:

One Centre has been divided into two - there are significant added admin costs but no more funding. Another two Centres have been made into one and moved to a new base on LA property to create a level playing field for future tenderers.

One interviewee summed up the irony of all this:

We find it very difficult to plan at all - yet the bank wants a 10 year business plan!

IMPACT ON INTER-AGENCY RELATIONSHIPS

Some organisations clearly felt that commissioning had put more power into local authority hands and reduced opportunities for involvement in planning or for developing innovative services unless they had access to unrestricted funds. In many cases it was felt that relationships had become more distant and formal. Some interviewees pointed out an inherent contradiction in a relationship which involved both lobbying the local authority about its shortcomings and asking for money from the same source. While these tensions had been present under the grants system, the commissioning regime has, in some cases, made it feel harder to openly criticize the LA.

However, the ways in which the commissioner/provider relationship has evolved clearly varies from one LA to another, and for at least one organisation the new relationships were described as satisfactory and productive:

For us commissioning has improved the relationships with LA's – it has given the organisation more direct access to LA officers. The regular reviews we have with commissioners are also useful – we pick up other bits and pieces and commissioners are more aware of who and where we are. We feel that the onus is on us to build these relationships.

Another interviewee described the development of commissioning in one local authority as having been shaped by input from the voluntary sector:

The VCS was involved in setting the commissioning framework for the Children's Trust and the tendering processes, through the pre-existing VCS reference group. Local authority staff talk to the VCS about tenders before they are put out, and not all commissioning is by competitive processes. Some work is directly commissioned or just a few organisations are invited to bid.

Others described more variable experiences:

In one London borough we had good relationships until our link person left. It's now a more abrasive – purchaser/provider macho approach. On the other hand, our relationship with another authority is good – it feels more collaborative.

They do view us differently. Some are now much more keen to work with us. Others think that now we have been commissioned that in fact we work for them, and they can tell us what to do! We have to work at maintaining our independence.

Regional and national organisations spoke of the great variation between the local authorities they worked with and the different factors that affected relationships including access, attitude and time:

All six authorities we work with have different attitudes and different levels of involvement of/with the CVS. Sometimes we have access to the Head of Commissioning, sometimes to a parenting/under 5s Commissioner...We need to be there and influencing...especially as we're not represented on the Children's Trusts - cos the CVS reps come from umbrella bodies. We do try to sit on sub groups – but the time for that isn't funded so we can only do so much.

Tenders sometimes come out across all six local authorities at the same time! Some give 12 weeks (they are Compact compliant) but with others it's 6 weeks. Some full tenders literally take weeks to complete – others are just application forms! Full blown ones at least tend to be clear what they want.

A few interviewees commented on the development of a more suspicious and secretive culture:

LAs don't feel they can talk to you, share thinking, problem solve – they see you as always trying to sell them something. You feel their suspicion – that you're out to fleece them. We used to share management training with one local authority – that's unthinkable now.

One person observed that the relationships varied depending on which part of the local authority they were working with. She commented that her organisation continued to work informally with some officers, whilst having a much more formal relationship with others.

Two people expressed the view that in the current financial climate relationships between the voluntary and statutory sectors had got more difficult, largely because local authorities want to retain funding:

LAs are trying to hold onto what they can – they don't want to give it all away.

Statutory organisations get the first slice of whatever cake when there's money around – there's little left by the time the plate comes round to the 3rd sector.

No-one reported any positive effects of commissioning on the relationships between voluntary organisations:

It's a lot more competitive. Less willing to share. We want to share good practice but now feel more anxious about keeping our own trade secrets. The whole culture is now about a market place and creating an income rather than creating a good service.

Territorialism is an issue between vols– most often a momentary sulk but sometimes bats get taken home big time.

The tension between larger and smaller organisations was highlighted by several interviewees:

There's fierce competition. The bigger orgs are getting bigger and more of a thug, steam rolling smaller orgs. This is bad for the sector. Smaller orgs have to be smarter to get the money. I feel that in some cases larger orgs have distorted their mission and turned into big contracting companies, hoovering up smaller orgs. At the same time, they play the voluntary sector card when it suits them.

The deterioration in relationships across the voluntary sector which the above comments seem to illustrate, do not bode well for the development of collaboration and partnership working:

Feel there's a need to move towards more consortium working –but in reality commissioning has generated competition between vols which makes it harder to work together. A recent example was our winning a contract where the competition was well-established in the area. The awarding of the contract to us caused a lot of ill-feeling and we had to smooth a lot of feathers.

There is a tendency for the larger orgs to squeeze out the smaller orgs with specialist expertise. It is possible to develop good consortia arrangements but it needs a lead in time of 6 months to a year.

One interviewee summed up her views as follows:

Competitive tendering is taking away from the idea of working in and building partnership. As a voluntary organisation we very much are starting to feel as if we are selling a service to the customer (Local Authority) and needing to 'dance' to their tune, rather than working together to meet the changing needs of their residents. In developing bids, partnerships with other organisations are very difficult to develop due to the competitive element of the process. If voluntary organisations... were asked to come together to develop a package to meet the outcomes... then more ownership, partnership, joined upness and trust would result in improved services!

OVERALL IMPACT ON OUTCOMES FOR CHILDREN AND FAMILIES

We asked interviewees for their overall assessment of the impact of commissioning on outcomes for children. Several did not feel able to make a judgment but of those who did, the verdict was divided.

Some respondents expressed the view that good commissioning had huge potential for improving services to children and families, but that current commissioning practice was failing to deliver.

More accountability has got to be good for children and families. Done properly, commissioning can raise quality and achieve best value. It offers more opportunity to analyse and evaluate outcomes and it gives the chance for good organisations to increase their reach.

The problem is not really commissioning per se: it's the way the commissioning is being interpreted and implemented – it's being conducted as a contracting and procurement exercise with a limited vision and understanding of services (especially specialist ones like ours). If it was really a commissioning process i.e.

properly planning services based on a need, it would be fine, but this is only a minority.

If it worked properly it would improve the quality of provision. Lots of people want it to happen properly – if operated well and fairly, good providers in the vol sector could do very well, but this would require LA service providers to compete with the 3rd sector on an equal footing.

Others were more cynical in their view that commissioning was less about service improvement than it was about cutting costs and getting voluntary organisations to do more for less:

Costs are driven down which makes it difficult to recruit more qualified staff, yet local authorities are looking for services to more complex and difficult cases.

I believe that the tendering environment is largely about cutting costs rather than improving services. Independent private providers are undercutting the vol sector certainly in fostering and residential care, and we assume in some instances providing a more minimum service. All the extras that vols offer such as children's rights, participation, training opportunities, quality standards etc could be lost.

A couple of interviewees gave specific examples of how they thought commissioning was having a detrimental effect:

The worst thing is when you lose a contract for a service you've been running you end up letting the kids down - their worker changes not because they want to leave but because their organisation no longer has the contract to do the work. You end up feeling that you're yet another adult that's let these kids down.

The charity covers areas of very serious social deprivation. We never know if the service will be available beyond 3 years, but most families require very long-term work.

We've had to target services much more because we have less money for more children. So now we provide one bereavement group across four centres rather than one in each. We are spread thinner and have to prioritise families with higher levels of need.

IMPROVING THE COMMISSIONING PROCESS

Interviewees were asked for their suggestions for how commissioning could be improved. There were several overarching observations commonly made as well as some very specific suggestions.

COMMON THEMES

The issue of timescales for contracts was the most common concern expressed by interviewees. Although some respondents commented that three year funding was better than some of the grant arrangements they had previously, there was consensus that three years was not long enough to get work effectively established.

The big point is for longer contracts – they need to be for 10 years with a 5 year review to build in opportunity to make adaptations. They're now typically 3 yrs – so by the time you're up and running you're already looking to the end. Staff start to leave in year 3.

Some respondents also observed that for some small organisations the loss of grant funding had been catastrophic and that the retention of grant funding was essential to:

Maintain the diversity of the sector through diversity of funding streams and arrangements. Smaller organisations can't survive three years to have another go at winning a contract - they will have gone by then, so we need much more flexibility in the system.

A common theme was that commissioning could work well if local authorities were given the right encouragement and incentives:

I believe that the freedoms and flexibilities given to LA's were a bit premature. There remains a political driver for commissioning the 3rd sector and the national training for commissioners seems to be good stuff but the encouragement is all a bit passive. It requires more tangible incentive (with sticks as well as carrots) e.g. a legal ratio of funding that has to go to the 3rd sector.

This same interviewee pointed out that local authorities themselves were working within constraints which were not helpful:

The three year LA funding settlement also hampers LA's into short commissioning terms – this is especially hard for innovation – 3 yr funding simply isn't long enough to get something properly established.

Another common theme in interviewees' suggestions for improving commissioning was the plea for greater consistency of processes and PQQ requirements between local authorities. The current expectation on voluntary organisations to continually adapt to different commissioning requirements was described as time consuming and costly. An interviewee from a national umbrella organisation which supports over 200 affiliated schemes across England was able to draw comparisons between how local authorities were choosing to tender or not to tender for very similar services. She pointed out that most schemes are so small they fall below the funding level at which they legally have to be put out to tender. Around 50 local authorities therefore have chosen to continue the grant funding. Others have put the services out to tender, often clustered as part of a larger package (making it impossible for local schemes to bid except in partnership). Some have simply taken the whole service in-house. The interviewee pointed out that this inconsistency presents enormous difficulties for her organisation and many others.

A few interviewees commented that some LA's appear to have more discretion than others when in terms of adapting their commissioning practice:

Some LAs are more free than others – it tends to be those that are not in the spotlight over their children's services that have more freedom to commission better.

SPECIFIC SUGGESTIONS

Some specific suggestions were made for each stage of the commissioning process.

Communicating the tender requires:

- A clear system for advertising with an accepted standard about where ads should be placed and for how long;
- Better ongoing contact between local authority commissioners and service providers;
- A single source of information as to where tenders are found;
- The involvement of local groups in the planning stage to ensure tenders are based on real needs and not commissioners' or previous providers' organisational assumptions

The application process could be improved by:

- Giving longer timescales for submitting tenders – at least 3 months. Some are very short and if they come together, particularly at certain times of the year (e.g. over Christmas) it places untenable pressures on organisations;
- More streamlining of the process – it should be possible to provide the same core information for every tender;
- The amount of form filling and volume of information required should be linked to the value of the contract. Tenders can have as many as 30 attachments;
- LA's should be able to verify once that you're an appropriate organisation instead of every time you tender and these standards should be shared across authorities;
- Less emphasis on cost as main criterion– acknowledgement that cheap doesn't always mean better and being all sides being clearer about long term outcomes and possible savings which flow from these;
- Being clear about what weight is given to which criteria and ensuring that this reflects the relevance of each criterion to the service;
- Giving due regard when weighting criteria to the added benefits offered by voluntary organisations: factors such as grassroots involvement, engagement of local communities and volunteers are not sufficiently taken into account;
- Better organized briefings and mandatory feed back;
- Greater guarantees for the protection of the material given to LA's during the commissioning process – some organisations are aware that their ideas and material have been used even when they haven't been successful in winning the contract;
- A provider with no conflict of interest on the assessment panel;
- Learning from good processes for both providers and commissioners. Taking a whole systems approach to improvement.

Contracts could be improved by:

- Less bureaucracy – there's a huge amount of documentation – contracts are often the size of a thick book;

- Sharing the risk appropriately – many contracts place all the risk of something going wrong on the voluntary organisation – this could potentially bankrupt an organisation which is not in the interests of the commissioner or the services users either and could be costly to mend later down the line.;
- More clarity and honesty about what constitutes the full costs of the service ;
- A better shared understanding of what is good enough quality: some LA commissioners have a limited understanding of the services they are commissioning – if they make judgments based largely on cost, they may be procuring very low quality services, which will not achieve long term outcomes and may well shunt costs to another part of the system.;
- Less onerous and more relevant monitoring with a clear focus on outcomes.

These proposals were discussed and augmented at a multi agency roundtable discussion held to discuss the findings of the report on 5th November 2010. The recommendations put forward for positive change and development as a result of the research were as follows:

Recommendations for Commissioners:

1. Greater adoption of place based budgeting and strategic cross agency commissioning
2. Consensus on the tools used to gather evidence of outcomes for similar services
3. Reduce costs through longer contracts, with appropriate review points. Five year contracts as standard (possibly with three year review)
4. Retain grant funding as part of the commissioning mix, and use other funding tools, not just competitive tendering.
5. Valuing soft outcomes and working proactively with providers to agree and measure these
6. Increased two way accountability through the development of mutual understanding and a focus on service user experiences.
7. Develop a greater understanding of the cost, benefit and impact of ceasing to provide services due to cuts, both on service users and other services
8. De-politicisation of commissioning and challenge the macho culture which has grown up around commissioning.
9. Reduce procurement bureaucracy
10. Honesty about the costs of the whole commissioning system, where these costs fall and how risk is apportioned.

Recommendations for VCS providers:

11. The VCS needs to further its understanding of local democracy and the political pressures on commissioners
12. The VCS should be more willing to challenge commissioners and offer solutions
13. Work to increase awareness amongst commissioners of the capacity of the VCS
14. VCS groups should be more willing to work with each other in meeting needs more efficiently.

Recommendations for both;

15. Increase constructive dialogue between commissioners and VCS to challenge each other and build joint solutions
16. Challenge universal services to deliver better value as well as commissioned services.
17. Remember the user; they should be involved at every stage.
18. Accurately assess the costs of commissioning for both local authorities and VCS
19. Investigation of what enables relationships to work
20. Focus on priorities. The VCS needs to be more vocal in trying to set these and commissioners to use VCS evidence as a key part of decision making.
21. Develop lighter evidence requirements, which meet the needs of commissioners, providers and recipients of services. Trust and verify is much more cost effective and transparent than complicated monitoring systems.

APPENDIX 1

Commissioning: A Better Way?

Round table debate at the RSA 5th November 2011 Main points from the discussion and recommendations

Present

Representatives from the following organisations participated in the debate;

Cabinet Office	Hertfordshire County Council
Children England	Home Start UK
Co-ops UK	National Audit Office
Commissioning support programme	National Offender Management
Directory of Social Change	Service
DMSS Research and consultancy	Thurrock Children's Trust
Family Action	Voice

Introduction

Opening remarks were made by the Chair, Ed Mayo of Coops UK. Ed stressed the fast changing context in which commissioning was being developed and the defining impact of the recently announced public spending cuts. He also raised the emotional cost of getting commissioning wrong and of the huge level of instability in the system at the moment, which impacts on children, families and professionals.

Participants were reminded of the definition of commissioning as developed by the Commissioning Support Programme;

Commissioning is the process for deciding how to use the total resources available for children, young people and parents in order to improve outcome in the most efficient, effective, equitable and sustainable way.

Brief introductory remarks were given by Di McNeish, on the main findings from the research, Maggie Jones from Children England on the current context for

commissioning in the children's sector and Julia Stoddart who provided a commissioner perspective, from the work of the Commissioning support programme.

The debate

The debate was both rich and well informed with participants challenging each other as well as reinforcing many of the points made by colleagues. A summary of the major issues raised is presented below in themed paragraphs rather than recording the discussion chronologically.

The current position for commissioning

- i. Over recent years funding changes have meant fewer grants, more contracts which has changed the shape of organisations seeking public sector funding. Many senior managers in the VCS now spend 80% of their time managing contracts rather than managing projects. In larger VCS organisations, new contract managing posts have been created, and whole teams have been set up in local authorities. In all cases, the effect has been to further distance funding processes and decisions from frontline delivery
- ii. There is a perception that the commissioning process is characterised by excessive bureaucracy and an often unnecessary "paper chase" on both sides of the relationship.
- iii. Commissioning systems are often inefficient, wasteful and daunting, which disadvantages small organisations and makes services increasingly unsustainable
- iv. The degree of variation was highlighted with different application processes and reporting requirements for each local authority relating to almost exactly the same service, and across individual authorities for different services.
- v. Monitoring systems were seen as sometimes inappropriate or disproportionate and don't always deliver the information needed to help authorities plan or to improve accountability to services users and communities.
- vi. The research highlighted that in some areas commissioning had soured relationships between VCS and local authorities, diminishing trust and creating barriers to communication.
- vii. It was broadly agreed that decisions in the coming months will be made for reasons of expediency rather than long term strategic thinking; the pressures to reduce budgets very quickly will be highly destabilising for the VCS. External contracts take six weeks to cancel whereas internal redundancy for most authorities takes six months, and there is still much uncertainty for Local

authorities about the money they will have to meet their statutory responsibilities. The best authorities are talking to their VCs and private sector suppliers and keeping them informed.

viii. Current skill levels were questioned on both sides of the relationship. The recent Zurich Mutual report findings were summarised:

- a. There is limited understanding amongst commissioners of the impact of their decisions
- b. Local authorities are pushing risk onto suppliers without appreciating their responsibility for services and the insurance implications that flow from that
- c. Local authority Chief Executives have little expertise in the managing complex supply chains

ix. On the more positive side there was agreement that in many cases competitive tendering has provided increased value for money and sometimes encourages innovation. Though it was noted that grants also fund innovative projects and that it is possible to achieve value for money with contestability as an alternative to competition.

x. Cuts have led to commissioning being considered at a corporate level with Chief Executives now taking an increasing interest

xi. The cost of commissioning is dead money as it isn't directly supporting people. The key is to ensure that the cost of commissioning is proportionate to the service provided, although commissioning costs for both local authorities and the VCS are not currently counted which means we have no way of determining value for money.

xii. The Government is currently trying to quantify the cost of procurement, which was welcomed.

The role and position of the VCS

- i. The VCS will always be a priority partner for local authorities due to its reach, flexibility, responsiveness, innovation and use of volunteers
- ii. Everyone agrees that commissioning should support and enable the VCS
- iii. The move to localism may encourage a new approach to commissioning which no longer disadvantages small organisations and makes services more locally accountable and sustainable.
- iv. Currently the VCS often feels unable to criticise local authorities and shape services for fear of losing funding. This means LA's are not getting the full benefit of the intelligence which should be an integral part of the funding relationship.

- v. Commissioning has led to an increasing mistrust between small VCS organisations and larger ones who they fear will steal their funding. This has limited collaboration and makes consortia building more difficult. This distrust between small and large VCS organisations is evidence of a young market. In the private sector collaboration on contracts is the norm
- vi. Commissioning has made the VCS think more about value for money.
- vii. The current commissioning processes act to transfer risk onto the VCS provider from the commissioner. This is unsustainable and often inappropriate. We must establish a more sophisticated understanding of the risks inherent in a service and have a mature discussion about the best pace those risks can be managed.

The instability and churn in the system

- i. Length of contracts – three years is not enough to deliver high quality services built of the trust of service users. It is also expensive for commissioners to re-commission every three years.
- ii. The VCS has responded to the previous governments policy drive for a mixed market in social care. This is particularly the case in children's services where structures such as children's trusts were set up to drive this forward. This means a greater proportion of their funding now comes from the public sector. Withdrawal of contracts will cause some organisations to fold
- iii. There has been little recognition of the difference between providing services for children, young people and families and more "product based" services like collecting the rubbish. Children, young people and families need more continuity than one to three years contracts provide
- iv. Staff churn in both local authorities and the VCS means that knowledge and leadership is lost, leading to unnecessary funding instability (people's needs don't change much over time so support programmes shouldn't need to change much either), and re-inventing the wheel.
 - i. The uncertainty of commissioning is taking an emotional toll on the lives of those that the VCS is trying to support. This uncertainty in service provision mirrors and compounds the uncertainty that already exists in clients lives. Commissioners often don't understand the difficulty of working with the most troubled children, young people and families.
 - ii. Staff quality and development is essential but extremely hard to sustain within short term contracts. Talented staff may be forced to leave when a contract ends or transferred to another organisation due to TUPE
 - iii. VCS needs to be more willing to voice concerns with commissioners about the impact of uncertainty

- iv. Important to remember that uncertainty is actually a product of the funding models used rather than commissioning itself. Commissioning is simply the process for allocating resources.

Opportunities and dangers

- i. The Government is looking for new service delivery models. This could well provide real opportunities to get rid of the worst elements of the old systems. The danger is that some proposals such as personalisation or payment by results require even more resources to manage track and evaluate
- ii. We must ensure that new solutions don't replicate existing problems
- iii. The sweeping away of National Indicators gives local authorities the opportunity to assess afresh the needs in their area. Real understanding of local needs is vital both for commissioning and for the best delivery of in house services too.
- iv. Commissioning fits well with the Big Society agenda and the needs and aspirations of communities should play a far greater role in the future
- v. Co –production is a win/win solution if done properly since it increased engagement and ownership in services and thus their efficiency and effectiveness. We all have a great deal to learn to make this work well.
- vi. The way we implement and develop markets is key. It's not necessary to replicate the way markets work for big parts of the private sector to have strong drivers for change and improved value.
- vii. An increase in cross agency commissioning could do away with duplication and free up resources for the front line.
- viii. New delivery models will require increased management resources but funding cuts mean there is very little appetite in local government to try innovative solutions
- ix. Neither the public sector or VCS are experts in market development
- x. Will the drivers for purchasers (cuts and value for money) fit with the drivers for community empowerment and Big Society ambitions?

Evidence

- i. Evidence = knowledge + data + experience. We tend to focus on data and forget about the other two
- ii. The needs to be improved accountability and transparency at all points in the system. This is becoming a pressing issue if we are to extend the role of communities and families as commissioners at local level.

- iii. Measuring soft outcomes is essential but very difficult to do. We need to work together to improve our measurement of social outcomes, especially funding for children and young people's services is to tap into social impact bonds and other forms of new investment in social return.
- iv. How can we prove the importance of stability to many of the services we deliver to vulnerable families? This would help commissioners to build it into their specifications.
- v. User outcomes often won't become clear for many years. To a certain extent contracts therefore need to be given on trust
- vi. Some local authorities have started to ask VCS deliverers what they think would be a good way of monitoring progress. A consensus needs to be developed about how we collect evidence so that we can aggregate data more effectively across areas and services to better understand patterns and what works in addressing complex needs
- vii. *Evidence* can be political e.g See the Coalition's treatment of the IFS findings following the Spending Review
- viii. As politicians change so does the definition of success. This means that even where the VCS can show effectiveness, funding is often not renewed
- ix. People work within the VCS to help, not to collect "evidence". We have to overcome this resistance to be clear about what works well.
- x. Poor quality evidence is more of a currency that we use to talk about our work rather than definitive proof of impact, and the evidence collected by commissioners from contracts is more often used to tick a box than to roll out or develop programmes which work.

Recommendations for improving commissioning

The following recommendations were put forward by individual participants, as suggestions for increasing the efficiency and effectiveness of the commissioning process, in order to free up funds for the front line;

For Commissioner organisations:

- 22. Greater adoption of place based budgeting and strategic cross agency commissioning
- 23. Consensus on the tools used to gather evidence of outcomes for similar services

24. Reduce costs through longer contracts, with appropriate review points. Five year contracts as standard (possibly with three year review)
25. Retain grant funding as part of the commissioning mix, and use other funding tools, not just competitive tendering.
26. Valuing soft outcomes and working proactively with providers to agree and measure these
27. Increased two way accountability through the development of mutual understanding and a focus on service user experiences.
28. Develop a greater understanding of the cost, benefit and impact of ceasing to provide services due to cuts, both on service users and other services
29. De-politicisation of commissioning and challenge the macho culture which has grown up around commissioning.
30. Reduce procurement bureaucracy
31. Honesty about the costs of the whole commissioning system, where these costs fall and how risk is apportioned.

For VCS provider organisations:

32. The VCS needs to further its understanding of local democracy and the political pressures on commissioners
33. The VCS should be more willing to challenge commissioners and offer solutions
34. Work to increase awareness amongst commissioners of the capacity of the VCS
35. VCS groups should be more willing to work with each other in meeting needs more efficiently.

For both;

36. Increase constructive dialogue between commissioners and VCS to challenge each other and build joint solutions
37. Challenge universal services to deliver better value as well as commissioned services.

38. Remember the user; they should be involved at every stage.
39. Accurately assess the costs of commissioning for both local authorities and VCS
40. Investigation of what enables relationships to work
41. Focus on priorities. The VCS needs to be more vocal in trying to set these and commissioners to use VCS evidence as a key part of decision making.
42. Develop lighter evidence requirements, which meet the needs of commissioners, providers and recipients of services. Trust and verify is much more cost effective and transparent than complicated monitoring systems.

Mission

To create a fairer world for children, young people and families by championing the voluntary organisations which work on their behalf.

