



Modernising commissioning

Summary of green paper

December 2010

Context for green paper


This green paper has been published as a result of commitments made by the government in the initial coalition programme, and the recent document 'Building a Stronger Civil Society'. The consultation about this Green Paper is in December 2010 and it will inform the content of a wider Public Service Reform White Paper, which will be published in early 2011.

There are four main questions posed by this Paper:

- In which public service areas could Government create new opportunities for civil society organisations to deliver?
- How could Government make existing public service markets more accessible to civil society organisations?
- How could commissioners use assessments of full social, environmental and economic value to inform their commissioning decisions?
- How could civil society organisations support greater citizen and community involvement in all stages of commissioning?

There are also a series of sub questions under each section, which drill down into more detail. These are highlighted throughout the summary below. The deadline for sending responses to ocscommissioning@cabinet-office.x.gsi.gov.uk is **5th January 2011**.

 You can read the full green paper by [clicking here](#)

 You can access more information about wider public sector reform consultation [here](#)

Main concepts

This green paper sets out plans to modernize commissioning by providing new opportunities for civil society organizations; improving access to commissioning; improving the assessment of social, economic and environmental value; and improving citizen and community engagement in the commissioning process.

New opportunities

The government intends to increase the diversity of provision in public services in three ways:

- 1) Introducing 'payment by results' across public services;

- 2) Setting proportions of specific services that should be delivered by independent providers, including civil society organisations; and
- 3) Introducing new rights for communities to run services, own assets and for public service workers to form mutuals.

The introduction of payment by result will link payments for contracts to achieving outcomes, rather than the inputs, outputs or processes of a service. The Government is aware that payment by results may bring both challenges and opportunities for civil society organisations. For example, it may allow for greater innovation and flexibility in delivery models, while it may also bring challenges in terms of the need to access working capital.

Q1a. What are the implications of payment by results for civil society organisations?

Setting a proportion of public services that should be delivered by independent providers, including civil society organizations is intended to improve outcomes and performance by stimulating and growing a diversity of provision across public services, which may be maintained and developed through longer term intelligent commissioning.

Q1b. Which public services areas could be opened up to more civil society providers?

Q1c. What are the barriers to more civil society organisations being involved?

The [Localism Bill](#) will give civil society organisations and local authority employees the 'right to challenge' local authorities where they believe they could provide services differently or better, helping to shift power down to the local level. It will also create greater opportunities for communities to 'bid to buy' assets that are of community value, and from which they can deliver existing and transformed services.

The Government announced that every department will put in place 'rights to provide' for public sector workers to take over the running of services, including a right for civil servants directly employed by departments to form mutual. This will give public sector workers a new right to form employee-owned cooperatives.

Q1d. Should Government explore extending the right to challenge to other local state-run services?

Q1e. If so, which areas and what benefits could civil society organisations bring to these public service areas?

Q1f. Are there types of assets whose viability, when transferred to civil society management or ownership, would be particularly dependent on a continuing income stream from service contracts or public sector tenancies?

Q1g. What are the main barriers that prevent civil society organisations taking over asset-based services?

Q1h. How can we encourage more existing civil society organisations to team up with new employee-led mutuals?

Q1i. What other methods could the Government consider in order to create more opportunities for civil society organisations to deliver public services?

Improving access to contracts

In theory, there are a broad range of public service areas in which civil society organisations could bid to deliver services. However, in practice, many organisations find these markets virtually impenetrable.

Q2a. What issues should commissioners take into account in order to increase civil society organisations' involvement in existing public service markets?

Many of the barriers experienced by civil society organisations are common to private sector small and medium enterprises (SMEs). The government has already announced a series of measures to address these barriers, including:

- Streamlining the procurement process and improving transparency of opportunities;
- Requiring major suppliers to guarantee sub-contractors working on Government contracts are paid within 30 days and encouraging them to pass these payment terms down supply chains;
- Introducing a standardised core pre-qualification questionnaire (PQQ) across central government and looking at options to enable suppliers to submit standard PQQ data just once to further simplify the process for suppliers;
- Undertake a Lean Review to uncover the causes of delay in the procurement process and to suggest actions to rectify them; and
- Launching a new Contracts Finder system in March 2011.

Contracts Finder will be a free facility for small businesses to find public sector procurement, and sub-contracting opportunities in one single place online. It will host all central government tender documents and contracts.

Q2b. In the implementation of the abovementioned measures, what issues should the Government consider in order to ensure that they are fully inclusive of civil society organisations?

The government has made several other specific commitments around improving the accessibility of contracts. It has established a Civil Society Red Tape Taskforce, and has committed to looking at the levels of risk inherent in contracts and the barriers presented by TUPE regulations. The government has also committed to moving to a system which focuses on the price and value of a provider, rather than the costs.

Q2c. What issues should the Civil Society Red Tape Taskforce consider in order to reduce the bureaucratic burden of commissioning?

Q2d. How can commissioners achieve a fair balance of risk which would enable civil society organisations to compete for opportunities?

Q2e. What are the key issues civil society organisations face when dealing with TUPE regulations and what could government do, within existing legislation, to resolve these problems?

Q2f. What issues should Government consider in order to ensure that civil society organisations are assessed on their ability to achieve the best outcomes for the most competitive price?

The Government has also committed to establishing a Big Society Bank to help civil society organisations access more resources and play a bigger role in delivering public services.

Q2g. What issues should Government consider in the development of the Big Society Bank, in order to enable civil society organisations to take advantage of public service market opportunities?

There are particular issues associated with operating as sub-contractors to prime contractors or providers. The Department for Work and Pensions is currently piloting a new supply chain management standard that prime providers will have to meet, known as the Merlin Standard. Merlin will recognise excellence in supply chain management and incentivise larger prime contractors to invest in the capacity and performance of their delivery partners.

Q2h. What issues affecting civil society organisations should be considered in relation to the extension of the Merlin Standard across central government?

Q2i. What barriers prevent civil society organisations from forming and operating in consortia? How could they be removed?

Measuring value

To underpin the Government's commitment to the introduction of payment by results across public services, commissioners must have a full understanding of the value (driven by citizens and communities) of the potential results. This will enable commissioners to focus services on the social, environmental and economic priorities of the people they serve.

Q3a. What approaches would best support commissioning decisions that consider full social, environmental and economic value?

To support this, the Government is supporting the Public Services (Social Enterprise and Social Value) Bill, currently in progress at the committee stage, which:

- Requires all contracting authorities to consider all relevant and proportionate economic, social and environmental value.
- Requires commissioners to consider whether to consult the intended beneficiaries of the service in order to identify relevant wider value.

Q3b. What issues should Government consider in taking forward the Public Services (Social Enterprise and Social Value) Bill?

Citizen and community involvement

Citizens and their communities should define the priorities and expectations of the public services they receive and play an active role in ensuring that those services deliver or are

reformed to ensure effectiveness and efficiency. To achieve this, citizens and communities should have opportunities to play a leading role at all stages of the commissioning process.

Contribution of civil society organisations

Civil society organisations have an important part to play in facilitating, brokering and supporting this involvement. They can play a particular role in ensuring the involvement of disadvantaged groups, who may otherwise struggle to be involved, and helping to ensure that priorities are set on the basis of need.

In order to involve the citizens in the design, delivery and continual improvement of public services, the Government recognises the needs of significant changes in the way that central and local Government and other local commissioning bodies operate. To enable this, Government will:

- Develop a new package of support to enable local civil society organisations and statutory partners to strengthen their working relationships as they jointly move to new ways of working.
- Continue to invest in a programme of training public service commissioners to work with civil society organisations.

Q4c¹. How could civil society organisations facilitate, encourage and support community and citizen involvement in decision making about local priorities and services commissioned?

Q4d. What forms of support will best enable statutory partners and civil society organisations to improve their working relationships?

Q4e. What issues should the government consider in the development of the future programme of training public service commissioners?

Health

One particular relevant area is the health sector. The government has established HealthWatch England as a national consumer champion and Local HealthWatch organisations will promote the local consumer voice, from views and feedback gathered from patients and the public to inform local commissioning across health and social care services.

The Department of Health is proposing to refresh Joint Strategic Needs Assessment (JSNA) Guidance in 2011/12. This reflects the proposed creation of local Health and Wellbeing Boards which will bring together GP Consortia, the Local Authority, Healthwatch and civil society organisations.

Personal budgets and direct payments give people and their carers more control and purchasing power and have been widely used across adult social care. In the Spending Review 2010, the Government committed to significantly extend the use of personal budgets across a range of service areas, including special education needs, support for

¹ Subquestions in this section have been rearranged in our summary to bring together similar issues. The numbering we have used reflects the green paper's order.

children with disabilities, long term health conditions and adult social care. This will shift power directly into people's hands by giving them control over the money spent on public services.

Q4a. What role and contributions could civil society organisations place, through Local HealthWatch, in informing the local consumer voice about commissioning?

Q4b. What issues relating to civil society organisations should the Government consider when refreshing the Joint Strategic Needs Assessment Guidance?

Q4k. What contributions could civil society organisations make to the extension of personal budgets across a range of service areas?

Q4l. What changes do both commissioners and civil society organisations need to make to adapt to an environment where citizens are commissioning their own services?

Other local opportunities

The Government also announced the establishment of 16 local areas, which will lead the roll out of **Community Budgets**. These will pool budgets for local public service partnerships, enabling the redesign and integration of frontline services across organisations (beginning around families with complex needs).

The **Local Integrated Services** (LIS) concept offers a way to use this enhanced accountability and flexibility to unlock the potential of communities to design and deliver a genuinely joined up approach to multiple challenges like health inequalities, an ageing society, crime reduction, poor housing and worklessness. Contracts will be won not by the organisation best able to write a bid, but by the organisation that can best convince the community that they can deliver a locally tailored service that meets local needs and priorities.

The **Free School Programme** is engaging a diverse range of people in setting up new schools.

Q4f. What can civil society organisations contribute to the roll out of community budgets? What barriers exist to realising this contribution? How can these barriers be removed?

Q4g. What can civil society organisations contribute to the roll out of Local Integrated Services?

Q4h. What barriers exist to realising this contribution? How can these barriers be removed?

Q4i. What can civil society organisations contribute to the development of Free Schools?

Q4j. What should Government consider in order to realise this contribution?