

Crisis' response to the Cabinet Office consultation *Modernising Commissioning* consultation

January 2011

Introduction

Crisis, the national charity for single homeless people, welcomes the opportunity to respond to this consultation on the modernisation of commissioning. We support the drive to ensure commissioning strengthens the role of civil society in public service delivery and responds to local priorities. However, we are concerned that commissioning structures must be designed very carefully if they are to allow the most vulnerable to access the help and support they need.

We have experience delivering statutory contracts, including as part of a consortium, so we are aware of the issues that can arise around the commissioning of services. Too often they are focussed solely on hard outcomes rather than also considering softer outcomes such as increased confidence and social inclusion which can be equally or even more important. Commissioners should consider the holistic value and benefit of each service they commission, not just the cost. At a time of budget cuts and constraints, it is particularly important that the specialist knowledge and expertise built up over time by smaller organisations through programmes such as Supporting People is not lost.

We would like to see the Government reduce the bureaucracy often associated with applying for and reporting on contracts so that smaller organisations with fewer administrative resources are better able to compete with larger commercial providers. We also know from our experience that too often funding can be unstable and short term and undermine service delivery and this needs to be addressed.

Organisations must be incentivised to take on clients with more intensive support needs to ensure that providers do not select clients who are most likely to achieve targets and leave those who need extra time and support without the services they require.

Crisis also believes that civil society can play a valuable role in facilitating citizen and community involvement in local decision making, and that engaging with vulnerable groups is particularly important.

Responses to consultation questions

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

Crisis has concerns that the proposal to expand payment by results could adversely affect those providers working with more excluded and vulnerable groups for whom results may be less tangible and take longer to achieve. Whilst we understand the need to measure outcomes, the indicators used must be flexible enough to account for the experience of everyone engaging with services. For our homeless client group, success cannot only be measured in terms of the number of people achieving an outcome such as entering employment, for example. Soft outcomes like increased confidence and improved motivation are harder to measure but equally important as they help to map the distance travelled by clients who may be much further from

achieving a hard outcome than others but are still benefitting significantly from a service.

It is these 'hardest to reach' clients who may lose out if more services are commissioned on a payment by results basis, as this could mean providers 'cherry pick' clients who are closest to achieving targets or outcomes, leaving those who are most vulnerable and need more support without the help they need.

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

Crisis welcomes the drive to create new opportunities for civil society organisations to deliver public services. Within the charity and social enterprise sectors there is a wealth of knowledge and expertise in a range of areas including education and employment services that could be utilised in the delivery of public services.

However, more needs to be done to level the playing field in the commissioning process. Larger, private training providers are often more able to dedicate time and resources to competing for contracts than smaller voluntary organisations. This can mean smaller organisation missing out, despite having in-depth skills and experience in providing services to harder to reach groups.

There must also be an acknowledgement of the fact that some client groups, including homeless people, will require more resources and may not have the same demonstrable outcomes as others. Voluntary sector organisations are extremely well placed to work with vulnerable groups, but must be given flexibility and freedom, and freed from unnecessary bureaucratic burdens.

We would like to see less top-down control and more flexibility for smaller organisations with fewer resources to deliver services suited to their client groups. We believe that small voluntary sector organisations should be exempt from minimum contract levels so as to decrease the burden of adhering to targets and proving outcomes. This takes up valuable resources which could be better used to provide frontline services.

We also know from our experience that funding can be unstable and short term. Funding should be guaranteed for longer periods of time to allow organisations to provide consistent, quality services.

In the implementation of measures to make finding and managing contracts more accessible, what issues should the Government consider in order to ensure they are fully inclusive of civil society organisations?

We welcome the move to introduce a standardised PQQ across central government and to provide a free facility for small organisations to find public sector contracts. In addition to these measures, it is important that application processes and reporting requirements are clearly laid out and do not require huge administrative resources to complete, as this is something that would undoubtedly exclude small organisations.

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

Supporting 'harder to help' client groups is often more resource intensive and time consuming than working with other groups. In a system where payments are awarded only when results are achieved, this can mean a greater degree of risk which can be too much for some smaller specialist organisations to bear.

When working with particularly marginalised client groups, we would like to see commissioners share some of this risk. Offering starter payments or additional premiums as part of contracts, for example, can help to ensure services have the funding they require to support clients who are the most vulnerable.

These principles also apply when smaller organisations are working as part of a consortium. Larger prime providers must ensure that smaller organisations supporting the 'hardest to reach' clients are adequately rewarded.

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?

As previously mentioned, the commissioning of public services should include recognition of soft as well as hard outcomes when assessing the value of the service an organisation offers. The positive outcomes of a service must be looked at holistically and wider social benefits should be considered.

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

We welcome the recognition that larger prime contractors can help to invest in the capacity and performance of smaller delivery partners. As part of this process it is vital that responsibilities and financial arrangements are negotiated fairly and transparently to ensure each organisation involved takes on an appropriate workload and that this is reflected in the payment they receive.

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

Crisis has experience of managing and delivering statutory contracts including the Skills for Jobs programme, a pan-London consortium of providers offering training to excluded groups. Unfortunately we experienced some difficulties during the commissioning and contracting process. For example, the contract's reporting requirements made it difficult for smaller organisations with limited resources within the consortium to deliver services and keep up with the administration. There were also other issues such as targets changing over the duration of the contract causing problems for Crisis and partner organisations and affecting frontline delivery. A more straightforward and transparent system of allocating and accounting for funding would better enable small organisations to participate in the commissioning process.

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

Soft outcomes should not be underestimated when making decisions about commissioning public services. Hard outcomes such as employment and housing outcomes are important, but equally important are factors such as reducing social exclusion and increasing motivation and confidence. These will help to ensure vulnerable people are better able to sustain outcomes like jobs and tenancies once they have achieved them. The whole range of outcomes achieved should be recognised and valued. For example whilst the objective of a service might be supporting people into employment, while engaging with the service a client may become better equipped to access public services more effectively such as registering with a GP rather than using emergency healthcare provision. As well as the benefits for the individual, these type of outcomes represent clear savings to the public purse and so should be considered fully by commissioners.

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

Crisis supports the use of personalised budgets even for very marginalised groups such as entrenched rough sleepers, on whom the idea was piloted in the City of London with very promising results.¹ Allowing people to decide how best to use resources to improve their own lives can be very empowering and is useful in helping groups such as rough sleepers or those with substance misuse issues who may have very different support needs from person to person. If the use of such budgets is to increase, alternative provision must however, continue to be available for people who need services but are not eligible to be offered a personalised budget to ensure everyone is able to access the support and assistance appropriate to their needs.

Civil society organisations are well placed to help support more excluded individuals to use personalised budgets. They understand their client group's needs, have often built up long-standing relationships and trust with their clients and are in a good position to advocate on their behalf. This can help to ensure that more marginalised clients are able to access and effectively use personalised budgets and spend them on the services most appropriate to their needs.

How could civil society organisations facilitate encourage and support community and citizen involvement in decision making about local priorities?

Many civil society organisations already have systems in place to consult with their clients. This is done to assist in the design, delivery and improvement of their existing services, to ascertain the need for new services, to demonstrate to funders the need for, and effectiveness of, services and to gather evidence that can add to broader policy debates. These existing mechanisms and the expertise, reach and understanding that they depend on could be used in a structured way to help engage citizens in decision making about local priorities and services.

For Crisis, one of the most important questions posed by the localism agenda and the Big Society is how effective new mechanisms will be at engaging with and acting on the views of those who are marginalised and whose views are heard least.

The relationships that civil society organisations have with vulnerable people and the knowledge they have of the issues their clients face make them a valuable potential resource for commissioners seeking to engage with citizens and the community. Civil society organisations can help bridge the gap between the commissioners and those who may need more proactive forms of support to allow them to influence decisions that affect them.

To ensure that the views of more vulnerable members of the community are heard, commissioners should be required to identify 'harder to reach' groups that will be affected by planned changes and consult with them, making use of civil society organisations as appropriate. Building on this, local authorities could for example commission from civil society organisations a systematic consultation of vulnerable groups before deciding on priorities in the services they commission.

Whichever method is used, it is vital that commissioners have well developed policies to ensure that services are not unwittingly focused on those groups that are best at making their views heard.

¹Crisis (2010) Still Left Out? The rough sleepers '205' initiative one year on

About Crisis

Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change. Our innovative education, employment, housing and well-being services address individual needs and help people to transform their lives.

As well as delivering services, we are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience. Crisis has ambitious plans for the future and we are committed to help more people in more places across the UK. We know we won't end homelessness overnight or on our own but we take a lead, collaborate with others and, together, make change happen.



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