

NAVCA response to Modernising Commissioning: Increasing the role of charities, social enterprises, mutuals and cooperatives in public service delivery

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NAVCA is the national voice of local support and development organisations in England. We champion and strengthen voluntary and community action by supporting our members in their work with over 160,000 local charities and community groups. NAVCA believes that voluntary and community action is vital for vibrant and caring communities.

We provide our members with networking opportunities, specialist advice, support, policy information and training. NAVCA is a vital bridge between local groups and national government.

Our specialist teams take a lead on the issues that matter most to local support and development organisations. We influence national and local government policy to strengthen local voluntary and community action.

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Introduction

NAVCA welcomes the opportunity to comment on the Modernising Commissioning Green Paper. We have focussed our response on the issues which matter most to our members, local support and development organisations, and to the smaller local voluntary organisations and community groups that they represent. Whilst the short timescale for the consultation precluded an extensive consultation exercise with our members, we have nevertheless sought the views of a representative sample of them on some of the key issues and these are reflected in our response.

1. NEW OPPORTUNITIES

In which public service areas could Government create new opportunities for civil society organisations to deliver?

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

There is a real risk that the extension of payments by results could exclude smaller voluntary organisations and community groups from entering the market, as they do not have the working capital to continue operating whilst they await payment. Many smaller organisations already face barriers as a consequence of payment in arrears and payment by results systems, including in the welfare to work market and some health and social care contracts. The Social Impact Bond pilot at HMP Peterborough is an interesting model, which has the potential to overcome this problem. However, we will not have definitive evidence for its effectiveness for about 6 years. If this proves to be a sound investment model, there will need to be sufficient incentives to encourage investors to take the risk of financing public service delivery. We do not consider payment by results to be appropriate for small contracts and grants, where the cost involved in measuring results can be wholly disproportionate to the size of the investment.

Whilst it is important to focus on outcomes, commissioning must also recognise that inputs, outputs and processes are all related to outcomes, i.e. services work as whole systems. The difficulty of attributing outcomes to specific interventions needs careful consideration to ensure that performance management systems do not create perverse incentives or inadvertently reward the wrong things.

1.2 Which public services areas could be opened up to more civil society providers? What are the barriers to more civil society organisations being involved? (p10)

We believe that the transfer of responsibility for public health services to local authorities in the forthcoming Health Bill has the potential to create more opportunities for local voluntary organisations and community groups, which are well-placed to deliver cost effective, preventative health and well-being services. One area where the potential of the sector has not

yet been realised is the provision of care brokerage services to support the personalisation of social care and health. Local support and development organisations are well placed to deliver aspects of the commissioning function, for example needs analysis, mapping and analysis of the local voluntary and community sector market, and contributing to the development of Joint Strategic Needs Assessments.

Our members inform us that, in some areas, local authorities are protecting their own services by favouring in-house provision in response to the current difficult financial environment. A mechanism is needed to challenge this, particularly where such decisions do not represent best value for money and do not promote the optimum outcomes for local communities. We believe that the 'right to challenge' being introduced in the Localism Bill may provide such a mechanism.

We are concerned that setting proportions of specific services that should be provided independently militates against local determination, which ought to lie at the heart of localism. If it is to be introduced there would need to be a clear rationale for setting these proportions, which would require a detailed understanding of the current market and the benefits of diversifying the supplier base. It would be more beneficial to monitor the diversity of delivering public services instead of just the proportion or global number. It is important, for example, to know whether public services are delivered by a good mix of different sized voluntary and community sector organisations and whether they are locally governed.

Commissioners need a proactive approach to developing the local market and a good understanding of the local voluntary and community sector, its value and diversity. Local support and development organisations are ideally placed to support smaller voluntary organisations and community groups to enable them to develop new funding and operating models, but this infrastructure support needs to be properly resourced to be effective.

1.3 Should Government explore extending the right to challenge to other local state-run services? If so, which areas and what benefits could civil society organisations bring to these public service areas? (p10)

We do not believe the right to challenge needs to be extended to other local state-run services at the present time. In our opinion the Government should review the benefits to local communities of the right to challenge local authorities before exploring its extension to other services.

1.4 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? What are the main barriers that prevent civil society organisations taking over asset-based services? (p11)

Assets particularly dependent on a continuing income stream from service contracts or public sector tenancies include those with high overheads for heating, lighting, repairs and renewals and with no established mechanism for covering ongoing maintenance costs. This is particularly critical in the first year, when one unexpected bill could undermine an entire venture. Some local authorities have established a phasing out of maintenance support over a period of time and this model should be encouraged.

Any renovation costs and ongoing maintenance costs need to be considered as part of the transfer and a business plan is needed which identifies, analyses and mitigates the risks and sets out a viable business model. The current financial climate and the pressure on local authorities to maximise their capital receipts and minimise their costs, increases the likelihood that liabilities, rather than assets, will be transferred.

A partnership approach is needed and NAVCA members can play a key role, bringing together local authorities and local voluntary organisations and community groups to help develop viable business models and mitigate the risks associated with asset transfers.

Restrictive covenants are a barrier and permissive clauses are needed, allowing buildings to be used for other purposes, including income generation. Short-term lease arrangements, for example, 15 year leases, act as a barrier to accessing finance for refurbishment works. Full repairing leases on old properties which have not been maintained, are a major barrier.

A guaranteed income stream may be needed for a sufficient length of time to secure the future viability of an asset, for example, through long-term public sector tenancies, service contracts, or both. In order to invest in a building based service, with a payback of 20 years, organisations need a minimum of 7 year contracts and the ability to diversify income. This is particularly the case where buildings are used for services where there is no 'point of sale', for example, public libraries.

For certain social care services, where personal budgets are replacing block contracts, a thorough assessment of demand and a properly managed transition is needed to manage the risks in taking on buildings such as day care centres.

Lack of expertise in property management, lack of commercial experience, low reserve levels and restrictive governance models can all act as barriers, particularly for smaller voluntary organisations and community groups. Access is needed to affordable legal and other professional advice, including surveyors, architects, insurance, HR, pensions and TUPE advice. Training, support and peer mentoring can help, as well as recruiting new trustees with relevant skills and experience.

The governing bodies of voluntary organisations and community groups need to exercise due diligence. Transition processes, with support and fall back options, would help to balance the risks and enable more voluntary organisations and community groups to be successful in taking over asset-based services.

1.5 How can we encourage more existing civil society organisations to team up with new employee-led mutuals? (p11)

We welcome the recognition that the focus on new models should not be at the expense of existing voluntary and community organisations and that there are opportunities for new partnerships to develop. A focus on shared values and outcomes could help to develop relationships between existing voluntary and community organisations and the new employee-led mutuals. Such partnerships need to be mutually beneficial. Many existing voluntary organisations and community groups could be seen as 'community mutuals', in that they are membership organisations, accountable to, and run for the benefit of their members and local communities. Part of their value base is to be good employers and to follow good practice in involving volunteers from the local community.

If there are safeguards in place to ensure that the new mutuals have inclusive governance arrangements, are accountable to local communities and service users and that asset locks are in place, this will pave the way for constructive partnerships with existing voluntary organisations and community groups.

NAVCA members could assist in brokering relationships between existing voluntary organisations and community groups and the new employee-led mutuals, by increasing understanding of what each partner brings and identifying how the new mutuals could support and complement existing voluntary and community sector service delivery, for example, by developing service pathways and referral protocols. NAVCA members could invite new mutuals to become involved in the existing networks that they facilitate and provide opportunities to discover shared aims and values.

Financial support would be needed to encourage more formal collaborations, consortia or mergers. It is hoped that the Mutuals Support Programme may be able to assist the new mutuals to develop collaborative partnerships with existing voluntary organisations and community groups, where these would be beneficial both for the organisations and for the communities they serve.

1.6 What other methods could the Government consider in order to create more opportunities for civil society organisations to deliver public services? (p12)

The right to challenge in the Localism Bill will provide an additional method. Continued training opportunities for commissioners and procurement officers are vital, to ensure a proper understanding of the law and an enlightened approach to commissioning and procurement, which focuses on outcomes and recognises social value and other benefits of service delivery by local voluntary organisations and community groups.

2. MORE ACCESSIBLE

How could Government make existing public service markets more accessible to civil society organisations?

2.1 What issues should commissioners take into account in order to increase civil society's organisations involvement in existing public service markets? (p13)

Commissioners need to have a good understanding of local voluntary organisations and community groups and the legislative, funding and cultural environment within which they operate. Whilst we agree that voluntary organisations and community groups share some common barriers to public service delivery with private sector SMEs, there are also important distinctions in the way in which they develop and the impacts of commissioning approaches. For example, charities are required to be independent of government and are accountable primarily to their stakeholders, who are often disadvantaged communities. The funding and grant making economy within which they grow and develop operates differently from other economies¹ and commissioners need to take into account the impact of market approaches. **We recommend that commissioning decisions at all levels, from strategic to operational, should be routinely reviewed in order to assess their impact on local voluntary organisations and community groups.**

In doing so commissioners should consider:

- In what way will local voluntary organisations and community groups be affected by the commissioning of this service?
- Is there an existing market of local voluntary and community sector providers who could deliver this service?
- Will a competitive approach improve the service or not?
- Will a competitive approach increase or reduce local social capital?
- Will it increase or decrease the diversity of the local voluntary and community sector?
- What will the effects of this be on local communities?

¹ Unwin, Julia (2004) The Grant making Tango: issues for funders

- Will it provide real opportunities for local voluntary organisations and community groups to deliver local services, or open up opportunities for large scale private sector providers?
- What size of contract will achieve best value for money over the short and longer term?

Approaches to commissioning from voluntary organisations and community groups are often lacking a strategic and corporate approach, are piecemeal and not embedded across public bodies, resulting in different approaches and practices within and between public bodies. In order to address this **we recommend that all public bodies develop a Voluntary and Community Sector Commissioning Strategy**. There are already good examples in local areas and they should include the following key features:

- Be an expression of commitment to excellent commissioning from the local voluntary and community sector
- Embed an understanding of the diversity of local voluntary organisations and community groups and a commitment to realising their potential to play roles in local commissioning
- Be transparent about different methods of commissioning services, including grants
- Fully involve local voluntary organisations and community groups in their development and implementation
- Work across the departments of a public body and embody a corporate approach
- Wherever possible there should be joint strategies between public bodies who jointly commission
- Be fully linked to other strategies and plans, including the procurement strategy
- Include action plans with timescales and accountabilities
- Be led and championed by senior officers and elected members
- Be backed up with practical guidance on how to implement the strategy.

In order to enable the local voluntary and community sector to play a full and active part in commissioning, commissioners should engage in discussion and ongoing dialogue with local voluntary organisations and community groups as early as possible in the commissioning process. The landscape of public services has been changing fundamentally and rapidly and voluntary organisations and community groups need as much good quality information as possible in order to plan strategically and operationally and re-engineer their services where needed. This information is often not available at all or in insufficient detail, is piecemeal and lacks timelines. It is a real challenge for local voluntary organisations and community groups who deliver public services to plan effectively when there is insufficient information. **We recommend that commissioners should provide better quality information for voluntary organisations and community groups and make clear how voluntary organisations and community groups can contribute to this information on an ongoing basis.** This information should include commissioners' intentions for future purchasing priorities with timescales, robust data about local demographics and forecasts of demographic changes, data and profiles of existing and future service users, clear expectations of the quality standards that

will be required for services, for example flexible hours and data about population income levels. It should be published in a coherent and accessible format and regularly reviewed. One example of this is the market position statement that some local authorities have been adopting.

It is essential that there are good local infrastructure services in place to facilitate discussions between the sector and commissioners, ensure that the sector is able to contribute fully to all stages of commissioning processes, champion good practice and support development of the market. Local support and development organisations have been carrying out this work in many areas. We have carried out a study into this work and attach a report and case studies² that evidence their vital role. Some of the roles local support and development organisations have successfully carried out to support intelligent commissioning include:

- Being commissioned to carry out needs analysis
- Facilitating the involvement of voluntary organisations and community groups in developing service specifications
- Developing the market – through supplier directories and meet the commissioner events
- Supporting voluntary organisations and community groups with tendering
- Capacity-building support for voluntary organisations and community groups, including training and mentoring
- Ensuring voluntary organisations and community groups are involved in developing commissioning strategies
- Coordinating the involvement and representation of voluntary organisations and community groups on commissioning boards
- Designing commissioning processes
- Demonstrating the value of the sector to commissioners
- Challenging poor commissioning practice

We recommend that local support and development organisations are provided with sufficient resources for them to continue their essential role in supporting good local commissioning.

Smaller voluntary organisations and community groups do not have time to routinely scan new tender opportunities and they may only be interested in occasional tenders. They often need to know about local opportunities only. Tender opportunities should be advertised as widely as possible within local areas. There are many examples of NAVCA members advertising local public sector tenders through their networks and on their websites.

² NAVCA (2010) A Bridge between Two Worlds; a study of support and development organisations and intelligent commissioning

2.2 In the implementation of the above-mentioned measures, what issues should the Government consider in order to ensure that they are fully inclusive of civil society organisations? (p14)

Commissioners and procurement officers do not fully realise and use the full extent of the powers they have to make good funding decisions, give grants, and use flexible and proportionate procurement processes. In particular, the flexibilities available for Part B services are underused. This is related to a high level of risk aversion and fear of prosecution in relation to procurement regulations. **We recommend that all training for commissioners and procurement officers, including the National Programme for Third Sector Commissioning, should include these issues as mandatory, as well as relevant central government departments, for example, the Office of Fair Trading and the Efficiency and Reform Group.**

Government could also encourage more flexible and innovative commissioning practice by encouraging the sharing of good practice with good technical guidance. **We recommend that discussions are held with the European Commission about how innovative good practice in commissioning and procurement can be carried out within the legal framework.** The body carrying out these discussions should have a clear remit to explore how innovative commissioning can work legally, understand issues relevant to voluntary and community organisations and champion better and less risk averse commissioning and procurement practice. Following this, clear guidance with examples should be published.

2.3 What issues should the Civil Society Red Tape Taskforce consider in order to reduce the bureaucratic burden of commissioning? (p14)

We welcome measures to reduce the bureaucratic burden of commissioning. We believe that much of the unnecessary bureaucracy arises as a result of lack of understanding of the commissioning and procurement regulatory framework and high levels of risk aversion. We suggest that if the recommendations made in section 2.1 are carried out they will result in less bureaucracy.

We recommend that standardised paperwork be adopted as far as possible. The design of standardised paperwork needs to start from the position of smaller voluntary organisations and community groups. This would avoid a 'one size fits all' approach that often works to the advantage of large organisations. We suggest that all relevant tender documentation is proofed for its suitability for smaller voluntary organisations and community groups as a matter of course. It should be made clear which questions are gateway questions, so that organisations do not waste time if they do not meet minimum requirements.

2.4 How can commissioners achieve a fair balance of risk which would enable civil society organisations to compete for opportunities? (p15)

Contracts should not include clauses such as unlimited liability and compensation, disproportionate insurance levels or bond guarantees. Care is needed to ensure that payment by results systems do not transfer inappropriate levels of risk onto voluntary organisations and community groups, for example, by imposing penalties for failure to meet targets where the level of demand is uncertain. A robust process of proofing all tender documentation to assess its suitability for smaller voluntary organisations and community groups and to check Compact compliance would help to achieve a fair balance of risk.

2.5 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? (p15)

Key issues include the complexity of TUPE regulations and the consequent need for specialist HR support and the issue of pensions, particularly when transferring local authority or NHS staff to voluntary and community organisations. A further issue can be staff capability, particularly where services have been outsourced because of quality concerns. Other difficulties include relatively high salary levels and other employment benefits of staff transferred to voluntary organisations, with knock-on implications for existing staff and salary grades. Most voluntary organisations and community groups have no experience of TUPE and are put off from bidding for contracts where TUPE may apply.

Access to information to enable due diligence to take place is often too late to inform tender submissions. By law the transferring organisation only needs to make this information available 14 days before the deadline for a tender submission, and this is too late. Bidding organisations are therefore putting together tender submissions without access to the critical information that they need from the transferring organisation. It is costly to carry out proper due diligence to inform decision-making prior to submitting a tender submission. Voluntary organisations and community groups may waste time tendering for contracts that they discover they are unable to deliver once they have access to full information. Worse, there is a risk that organisations may not fully realise the extent of their liabilities before concluding contracts and this could jeopardise the future viability of the organisation. Some of the liabilities of TUPE, such as pensions, make public service delivery a high risk or unviable, especially for smaller voluntary organisations and community groups.

We suggest some ways of helping to resolve some of these problems would be:

- Require the transferring organisation to make available information much earlier in the tendering process, i.e. at least 4 weeks before the tender deadline.

- Make available low cost legal and financial advice for smaller voluntary organisations and community groups so that they can carry out proper due diligence before writing tender submissions and negotiating contracts.
- Require public bodies to retain some of the highest cost liabilities, for example pension provision.
- A fund to assist voluntary and community organisations with TUPE liabilities, including a pay and benefits equalization fund.
- Commissioners could assist by providing greater clarity as to whether TUPE will apply and better information for both transferors and transferees.

In the longer term, new legislation could address some of these issues, but care must be taken not to degrade employee protection.

2.6 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? (p15)

See 2.1, above.

2.7 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? (p16)

We understand that the social finance intermediaries which are funded by the Bank will mostly offer loans not grants. However, many local charities will require help in order to make good use of a loan in connection with the delivery of a public service. For example, a youth organisation bidding to take over a redundant local council building in order to provide a youth training centre would need to employ an architect, surveyor and other professionals. Whilst some support may be available on a pro bono basis, much would not. So, a 'development grant' would be essential. In another example, a charity providing therapeutic services for people with mental health problems, aspiring to bid for a local council contract in social care, may need to introduce new quality systems to meet a future contract specification. Again a 'development grant' would be essential. Our view is that without 'development grants' many local charities will not be able to access loans from the Bank's distributors.

We hope the Bank will require its distributors to take a high level of risk. Innovation in service delivery is vital and this requires risk taking. A loan which results in learning about what works in service delivery should not be regarded as a 'failure' even if a local charity closes and the investment is lost.

2.8 What issues affecting civil society organisations should be considered in relation to the extension of the Merlin Standard across central government (p17)

We welcome the adoption of the Merlin Standard for large national prime / sub-contracting models, as a means of providing protection to organisations lower down the supply chain and assisting smaller, local voluntary organisations and community groups to play a role in service delivery. However, careful consideration needs to be given before adopting a prime / sub-contracting model, as this is not appropriate for many central government programmes and service areas.

Prime / sub-contracting models have the potential to support and increase market diversity and strength if prime contractors have a commitment to ensuring this happens. In practice, however, the experience of many smaller voluntary and community sector organisations involved in welfare to work provision has been that the prime contractor model has limited the diversity of the market, reduced innovative practice and excluded smaller voluntary organisations and community groups. Under a prime / sub-contracting model, accountability for contract management is transferred from commissioners to providers. Contract management costs are also transferred to providers, are less transparent and the total contract management costs may even be increased, rather than reduced, by the adoption of a prime / sub-contracting model. Where commissioners have direct relationships with providers, they have more control over contract management, better understanding of service delivery and better knowledge of provider markets.

It is too early to assess the impact of the Merlin Standard on voluntary organisations and community groups. This needs to be properly evidenced before rolling out the standard across central government and, in particular, before using the Merlin Standard as a rationale for the increased use of prime / sub-contracting models.

2.9 What barriers prevent civil society organisations from forming and operating in consortia? How could they be removed? (p17)

There are several barriers that prevent voluntary organisations and community groups from forming consortia. These include:

- Commissioners and procurement officers may adopt a policy of not wishing to support consortia. An example of this at central government level is the Transition Fund, which is only available to single organisations, not to organisations wishing to establish consortia. The insistence on a lead body can also be problematic as this necessitates an unequal relationship between delivery partners.

- There are risks attached to delivery of services in partnership. Each organisation must assess the advantages and risks and decide what is best for its own organisations on the basis of that assessment.
- The increasingly competitive environment in which voluntary organisations and community groups have to operate makes the development of consortia more problematic and can give rise to difficulties in relation to trust and protectionism.
- It requires adequate time to form and develop relationships, carry out due diligence to form ad hoc consortia in response to tenders, agree adequate governance arrangements and quantify risks. The short timescales of many tenders do not allow sufficient time for this.
- Setting up a standing consortium, for example 3SC, requires resources including start up finance, legal advice, sufficient time and an organisation which has the capacity to lead the consortium development. Local support and development organisations can provide this type of support where they are resourced to do so, and we attach case studies³ to illustrate this.
- Standing consortia that adopt a 'hub and spoke' model need enough contract income to finance the hub in the longer term. In some areas there may not be sufficient income to make them viable business entities.
- New consortia may be disadvantaged by their lack of track record / history.
- Operating in consortia can be complex and time-consuming in terms of co-ordinating activity, monitoring returns, etc. and dealing with performance issues or the withdrawal of a key partner.

Ways of addressing these barriers include:

- Commissioners and procurement officers should have a sound understanding of consortium models and their strengths and risks so that they can effectively assess tenders.
- Ensure that there is local support for the development of consortia, with specialist support and advice to manage and facilitate the process.
- Make available low cost legal advice for organisations to assess the pros and cons of different consortium models and to carry out proper due diligence before forming ad hoc delivery partnerships and standing consortia
- Public bodies should increase the timescales of tender exercises in order to encourage partnership bids.
- Providers need to be free to determine the membership of consortia and how these will operate: commissioners should focus on outcomes and should not force particular organisations to work together.
- Monitoring requirements need to be realistic in terms of the time needed to co-ordinate evidence from delivery partners

³ www.navca.org.uk/lcpu

- Constructive, open relationships are needed between commissioners and service providers.

3. VALUE

How could commissioners use assessments of full social, environmental and economic value to inform their commissioning decisions?

3.1 What approaches would best support commissioning decisions that consider full social, environmental and economic value? (p18)

We believe it is of paramount importance that commissioners design commissioning processes and make decisions based on an understanding of the full value of services offered, including social, environmental and economic value. Commissioners should consider and understand the full value of services in all commissions by engaging in early discussions with all stakeholders. Decisions about incorporating value into commissioning must be taken early on so that they are embedded into all stages of the commissioning process, in particular the service specification and evaluation of tenders. This should be linked to an outcomes based approach to commissioning, which enables voluntary organisations and community groups to propose more innovative ways of delivering services that offer better value. We believe that commissioners should always consider contribution to the local area as part of the criteria for assessing social, environmental and economic value. **Existing government guidance⁴ needs to be updated and strengthened to reflect a positive commitment to commissioning social, economic and environmental value and to include the work that has been carried out in local areas to take this agenda forward.**

There is a lot of flexibility to include value that is additional to the contract in Part B services. At present, these flexibilities are not being utilised.

We believe that the widespread transition from grant funding to contracting has resulted in a significant loss of social value, because the full value has not been appropriately evaluated in tender criteria. It is important that, in considering whether to move from grant funding to contracting, commissioners take into account the full value of existing grant funding arrangements. Where commissioners do decide to move from grant funding to contracting arrangements, processes and tender evaluation criteria should ensure that social value is not lost during this transition.

When best value is considered in relation to procurement, the cost of the procurement process itself, to both the commissioner and to all bidders, should be considered. These costs should be monitored to encourage proportionate commissioning and procurement processes.

⁴ OGC (February 2006) Social Issues in Purchasing

Methodologies to measure 'social return' can be onerous and expensive for smaller voluntary organisations and community groups to implement. Methodologies that depend on accurate financial information about service costs cannot be applied if that information is not available. The adoption of disproportionate methodologies can increase costs by adding a layer of commissioning bureaucracy. Commissioners should bear this in mind and not require particular methodologies to be adopted to demonstrate social returns. **Commissioners should understand the strengths and limitations of all social accounting methodologies so that they can make informed decisions when stipulating monitoring requirements and awarding contracts.**

3.2 What issues should Government consider in taking forward the Public Services (Social Enterprise and Social Value) Bill? (p19)

See 3.1, above. NAVCA supports the Public Services (Social Enterprise and Social Value) Bill sponsored by Chris White MP.

4. CITIZEN AND COMMUNITY INVOLVEMENT

How could civil society organisations support greater citizen and community involvement in all stages of commissioning?

4.1 What role and contributions could civil society organisations play, through Local HealthWatch, in informing the local consumer voice about commissioning (p20)

We believe strongly that local HealthWatch needs to be supported and hosted by a local voluntary organisation, with appropriate skills and expertise, which is embedded in the local community. Independent research by Warwick Business School, commissioned by the Department of Health⁵, indicates that the most effective Local Involvement Networks (LINKs), the precursors to local HealthWatch, have been hosted by local, rather than national organisations

Local HealthWatch needs to be independent of local commissioners, so that its ability to challenge local health and social care statutory providers is not compromised. A contractual arrangement with a host organisation provides this necessary independence.

Where LINKs have been hosted by NAVCA members, an additional benefit is the potential to bring together local patient and public involvement activity with local networks of voluntary

⁵ <http://www2.warwick.ac.uk/fac/soc/wbs/research/lgc/networks/consortium/linksresearch/>

organisations and community groups. The local voluntary and community sector, run by and for local communities, has a wealth of information concerning the views and needs of local people – particularly minority groups, marginalised groups, who are less likely to access statutory services, and people with specialist or complex needs.

Many NAVCA members operate volunteer brokerage services, providing an effective means of recruiting local HealthWatch volunteers. It is important that local volunteer support organisations, including volunteer centres, have good relationships with their local HealthWatch services.

The representation of the local voluntary and community sector is distinct from local patient and public involvement. The role of local HealthWatch representatives is to provide a voice for local people. They must not be confused with voluntary and community sector representatives. We believe strongly that these roles are distinct, though complementary, and that there is a need for both.

It is critical that local HealthWatch representatives with a seat on Health and Wellbeing Boards, GP consortia boards or other commissioning groups, understand the nature of their role and their accountabilities. It is vital that they are given appropriate training and support to perform their roles well. Local support and development organisations have a key role in facilitating voluntary and community sector representation and many are also well placed to offer training and support to local HealthWatch representatives.

4.2 What issues relating to civil society organisations should the Government consider when refreshing the Joint Strategic Needs Assessment Guidance? (p21)

Local support and development organisations have a key role to play in co-ordinating voluntary and community sector input into JSNAs. This co-ordinating role, utilising existing voluntary and community sector networks, is key to ensuring inclusive and efficient input into the JSNA process.

The new guidance needs to emphasise to local commissioners the importance of including the local voluntary and community sector in the JSNA process as an equal partner and designing proportionate, efficient and effective processes to enable the sector to contribute its local knowledge and expertise. Overly complex and time-consuming processes act as barriers to the involvement of smaller voluntary organisations and community groups.

Intelligence from NAVCA members tells us that to date, JSNA processes have tended to be tick-box exercises, have not driven local commissioning decisions and have not included the voluntary and community sector. The new guidance should make clear that, in future JSNAs will be the key mechanism for driving local strategic commissioning for health and social care and

should be jointly developed and owned by local commissioners, voluntary organisations and community groups and by local communities themselves. This will provide a necessary incentive for local voluntary organisations and community groups to spend valuable time contributing to the process.

4.3 How could civil society organisations facilitate, encourage and support community and citizen involvement in decision making about local priorities and services commissioned? (p21)

Commissioners should engage in discussion and ongoing dialogue with local voluntary organisations and community groups as early as possible in commissioning processes. This is essential to realise the potential of the sector to play its full part in commissioning and to move towards a co-produced approach to commissioning, instead of a top down approach.

A partnership approach is needed, providing efficient and effective mechanisms for voluntary organisations and community groups to share appropriate information with service users and local communities, collate their views and feed this information back into the commissioning process on an ongoing basis. To fulfil this role, the local sector needs to have a seat at the table of commissioning boards and effective mechanisms to ensure local accountability.

Many NAVCA members have expertise in community development and engagement work, particularly with more disadvantaged and excluded communities and with black and minority ethnic groups. There is potential for these skills to be better utilised by commissioners and for local support and development organisations to be commissioned to provide aspects of the commissioning function, such as community engagement work, equality impact assessments, needs and gap analysis for specific communities and analysis of the local voluntary and community sector provider market.

4.4 What forms of support will best enable statutory partners and civil society organisations to improve their working relationships? (p22)

In many areas there is still a surprising lack of knowledge and understanding of local voluntary organisations and community groups, their diversity, needs and the vital role they play in local communities. In some areas, local relationships have been strained by poor decision-making processes, lack of engagement, funding cuts and a failure to uphold Compact commitments.

NAVCA members, as local sector leaders and key partners to local statutory bodies, are constantly working to raise awareness, encourage understanding on both sides and provide opportunities for dialogue, but this can be an uphill struggle where there is a lack of capacity and insufficient priority given to engagement.

Proposed solutions:

- Guidance from government to local authorities to prioritise engagement with the local voluntary and community sector, emphasising the sector's key role in service design and delivery and the benefits of strong local partnerships.
- Guidance to local authorities on the importance of appropriately funded and high quality infrastructure support for the local sector.
- Community Action Plans, perhaps modelled on local resilience action plans, could provide a shared aim, bringing together statutory partners and local voluntary and community sector partners.
- Local strategic partnership models and processes which are genuinely locally driven, inclusive, transparent and accountable.
- Priority needs to be given to building local relationships, face to face, at a senior level, as well as at practitioner level - particularly where restructuring has resulted in changes to key personnel. This includes engagement with elected members.
- NAVCA members have the potential to play a role in the induction of key local authority staff and elected members, to provide them with an understanding of the nature, scale and role of the local sector and local Compact commitments.
- NAVCA members also have a role in leading the local sector, by encouraging constructive solutions rather than criticism and the development of innovative ideas for increasing productivity and achieving cost savings and improved outcomes for communities.
- NAVCA members can sometimes take a mediation role where difficulties occur in relationships between statutory bodies and local voluntary and community sector organisations, for example, as part of a conflict resolution process for local Compact disputes.
- NAVCA members can also act as advocates on behalf of the local voluntary and community sector, representing the collective views of local voluntary organisations and community groups to commissioners and negotiating a mutually acceptable solution.

4.5 What issues should the government consider in the development of the future programme of training public service commissioners? (p22)

There is a continuing need to bring commissioners, procurement officers and voluntary and community sector providers together to learn from each other, discuss the difficulties on all sides and find joint solutions that prioritise the needs of local communities. This needs to include explorations of how Part B services can be procured in a much more flexible manner and will result in the best provider, not the best tender writer, delivering the service (see also 2.2)

Joint discussions and exploration are also needed concerning when it is appropriate to contract and when it is appropriate to grant fund - working through the NAO Successful Commissioning toolkit⁶ together. This would help to achieve a shared understanding of the issues and solutions and recognition of what can be unintentionally lost when commissioning moves from one form of funding to the other.

4.6 What can civil society organisations contribute to the roll out of community budgets? What barriers exist to realising this contribution? (p22)

The local voluntary and community sector can help to ensure increased, more democratic and wider local community engagement. This ensures that seldom heard voices, including marginalised and minority views, are heard.

Local community and neighbourhood forums can be used where these already exist, but these need to be supported by local voluntary and community organisations, which already demonstrably engage with the local community on an ongoing basis. Community Anchor organisations or community networks may be able to play a role, where these exist. However, in most areas funding for community networks has ended or greatly reduced over recent years.

Local support and development organisations are often well placed to facilitate local community involvement and have the potential to play a vital role in co-ordinating local voluntary and community sector engagement in community budgets.

Barriers to rolling out community budgets include time, commitment and also increasing protectionism on the part of some local authorities in the context of cuts. Some of our members have identified that the national emphasis on an increasing role for voluntary organisations and community groups and the Big Society, is perceived as a threat by some local authority officers. Some NAVCA members are having to argue afresh for voluntary and community sector involvement in a range of partnership planning forums and bodies. Elected members are key to ensuring that the role of the local voluntary and community sector is recognised and valued.

There is a need to maintain a shared focus on identifying the optimum solutions for local communities and co-production and putting communities themselves in the driving seat is a potential means of achieving this. However, there is a need for transparent processes and clarity regarding expectations and which decisions are genuinely open to residents to make. There is also a need for safeguards to ensure that vested interests are not allowed to hold sway and that the needs and interests of minorities and excluded groups are protected, so that community decision-making does not serve to increase inequalities. Voluntary organisations and community groups can contribute by providing local community knowledge and views. However, overcoming the more difficult issues and barriers associated with community budgets

⁶ http://www.nao.org.uk/sectors/third_sector/successful_commissioning/toolkit_home/toolkit_home.aspx

would require transparent and consistent community infrastructure, which would need to be properly resourced.

4.7 What can civil society organisations contribute to the roll out of Local Integrated services? What barriers exist to realising this contribution? How can these barriers be removed? (p23)

Local voluntary organisations and community groups can contribute both to the design and delivery of local integrated services. There are already many examples where voluntary organisations and community groups are involved in delivering local integrated services, improving service pathways, providing more streamlined services, reducing duplication and delivering increased benefits for service users. Examples include services for children and families and in the health and social care field, such as mental health services, services for people with learning disabilities, integrated neurological services, dementia services and many others.

Increasing the contribution of voluntary organisations and community groups to the roll out of local integrated services requires:

- understanding of the potential role the sector can play;
- equal partnerships;
- involvement of the sector in the early stages of planning processes;
- transparent commissioning and procurement processes, which do not exclude, or create unnecessary barriers for, local voluntary organisations and community groups.

4.8 What can civil society organisations contribute to the development of Free Schools? What should Government consider in order to realise this contribution? (p23)

Voluntary organisations and community groups can bring innovative ideas and an awareness of the needs of their local communities, including those of minority and excluded groups. Local support and development organisations have the potential to offer support to those wishing to set up free schools and could add value by developing new partnerships with existing voluntary organisations and community groups, brokering consortium approaches, and providing support for parent-led initiatives, utilising their existing networks.

The Government could consider the benefits of involving local support and development organisations as well as national infrastructure organisations, alongside the support offered by the Free Schools Network, so as to reach a more diverse audience. The potential could be explored for staff based within local support and development organisations to make links with the Free Schools Network and act as specialist advisers. Existing information on the Free Schools Network website could be extended to include guidance specific to the voluntary and

community sector and to incorporate guidance and links to resources around consortium approaches, as well as a wider range of case studies.

Centres of excellence could be established, bringing together a range of information, advice and technical support and building on what already exists locally.

4.9 What contributions could civil society organisations make to the extension of personal budgets across a range of service areas? What changes do both commissioners and civil society organisations need to make to adapt to an environment where citizens are commissioning their own services? (p24)

Local voluntary organisations and community groups are well placed to provide information, advice, advocacy and support brokerage in relation to personal budgets, enabling people to exercise greater choice and control. The potential for the sector to undertake the support brokerage function has been under-utilised in relation to social care personal budgets. However, the independence of voluntary organisations and community groups, their ethos and the key role they play in delivering advocacy, advice and direct payment support services, makes them particularly well placed to undertake support brokerage services.

People from black and minority ethnic groups may prefer to receive information, advice, advocacy and support brokerage from a BME-led voluntary organisation, which can meet their cultural and religious needs, as well as health, social care and other needs. Local authorities should consider the potential benefits of commissioning these services externally and, where appropriate, from BME-led voluntary organisations.

Many NAVCA members maintain local directories of services provided by local voluntary organisations and community groups and there is potential for these directories to be developed to provide appropriate information about local services, aimed at personal budget holders.

Local support and development organisations have a vital role to play in supporting local voluntary organisations and community groups to understand the implications of personal budgets and manage the transition. For voluntary organisations accustomed to block contract arrangements, there are a range of support and development needs, including market analysis, marketing skills, assessing unit costs, financial modelling, changes to IT systems and payment systems and HR issues. Larger voluntary organisations are already making these changes in relation to social care services. However, there are still significant challenges for smaller voluntary organisations and community groups, both to raise awareness of personal budgets and to develop the capacity and capability of small organisations to respond to these new challenges and opportunities.

Commissioners need to involve the local voluntary and community sector in planning processes and provide support to assist smaller voluntary organisations and community groups to manage the transition process. This may include a more gradual shift away from block contracts, as well as opening up training opportunities to local voluntary and community sector providers and commissioning targeted capacity-building support. The local voluntary and community sector needs to be supported and nurtured by commissioners, so as to ensure that the local marketplace is sufficiently diverse to offer genuine choices to personal budget holders.

There is potential for local voluntary organisations and community groups to play a greater role in the pooling of personal budgets, matching the needs and interests of people with support needs and achieving economies of scale from the group purchasing of services and the sharing of personal assistants. Local support and development organisations have the potential to support the establishment of user-led mutuals, created by pooling direct payments or personal budgets. There is scope for exploring opportunities for pooling personal budgets for social care and health - and potentially for other service areas.