

Modernising Commissioning

This paper is a joint response by the National Care Forum (NCF) and the Voluntary Organisations Disability Group (VODG) to the Cabinet Office's Green Paper (2010) *Modernising Commissioning: Increasing the role of charities, social enterprises, mutuals and cooperatives in public service delivery*. The NCF and VODG are national umbrella bodies representing the interests of voluntary and not-for-profit health and social care providers in the United Kingdom. They promote the benefits of the voluntary sector and not-for-profit model of care services provision to local and national government, as well as consumers and other health care bodies. Their shared purpose is to promote quality outcomes for people who receive care and support services. Together they support approximately a million disabled and older people and employ over 150,000 people.

The NCF and VODG welcome government proposals to encourage and increase the role of voluntary sector organisations in public service provision and to modernise commissioning practice to facilitate their engagement. Voluntary sector organisations are often amongst the most innovative, flexible and cost effective providers of public services. Voluntary sector providers strive to achieve quality outcomes for users of services, often 'going the extra mile' and 'doing what it takes' for service users with enthusiasm and expertise and without unnecessary bureaucracy. The NCF and VODG believe that the voluntary sector is therefore well placed to provide public services and help achieve public service efficiencies.

In response to the proposals set out in the Government's green paper, the NCF and VODG believe increasing the role of voluntary sector organisations in public service provision depends on a number of key factors:

1. Changing commissioner-provider relationships

The NCF and VODG have long argued that collaboration between commissioners and providers is the key to getting the most out of the capacity that exists amongst voluntary sector providers and to achieving the best outcomes for users of services and local people. However our experience shows that this still happens all too rarely. Failure to actively engage providers in the commissioning process is still common place and a lack of trust between the sectors is often cited as a significant obstacle to progress. Unfortunately, this has often led to ill-informed provision and missed opportunities to harness the creativity and expertise of voluntary sector providers and the communities they support.

NCF and VODG members strive to engage in constructive dialogue with commissioners, increase awareness, and build relationships based on trust and a mature understanding of the challenges each sector face. The NCF and VODG have accumulated vast and clear evidence of such partnership working leading to improved provision, more efficient use of resources, and increased outcomes and quality of life for service users and communities. And our experience demonstrates that this is even more important in times of reducing resources and increasing demand.

The NCF and VODG continue to actively seek and explore opportunities for shared learning and engagement and we therefore urge Government to continue to support mechanisms and platforms for such learning and dialogue, such as the work of the Partnership Improvement Programme and programmes of training to commissioners working with voluntary sector providers.

2. Increasing opportunities for voluntary organisations to deliver public services and removing barriers to delivery

NCF and VODG are committed to working with statutory partners to remove artificial barriers to public service delivery and facilitating a fair and open market which enables the full range of voluntary sector organisations and providers to participate. Some of the most significant barriers to delivery and factors influencing NCF and VODG members' ability to deliver public services are:

TUPE

It is our understanding that government policy is aimed at encouraging the provision of public services by the voluntary sector and to provide competition and a higher quality of service to those who benefit. Unfortunately current legislation and Treasury guidance around TUPE is proving to be a substantial barrier to labour market mobility and impacts on our members' ability to provide public services - either where the public sector may be tendering out their work or ceasing to deliver it altogether and looking to transfer the provision of services out to the voluntary sector in its entirety. This has led to implications for:

Two Tier Workforce: When our members take on public service provision which is transferred to them along with staff, they are left with a two-tier workforce. Those members of staff who were present prior to the transfer will in many cases be on a considerably lower pension than the generous pensions provided in the public sector.

Service Standards: Members are now increasingly under pressure to reduce the price of their services. Often the only further efficiency that could be achieved without impacting on services would be reducing down pension benefits to match other staff pension rights.

Deficit obligations: Some of our members have faced massive deficits that they have had to make up. These can be six figure sums that essentially take frontline services away from those who needs it most

Impact on morale: One individual who is operating in exactly the same role as another with the same level of experience will be receiving a substantially higher pension. This environment can breed contempt and poor morale and this in turn has productivity implications.

Our members are committed to providing their employees with the best benefits that they are able to, however what our members need is to be able to be competitive and to be able to afford to provide the services that the communities that they work within are so greatly in need of. We therefore urge government to remove the current obligation to maintain broadly comparable pension rights to allow us to provide the plurality and high quality of public services

that this government is striving for. There should not be a division of pension provision between our staff but instead a decent provision to all. We consider this would be consistent with the Government's decision, announced on 13 December to scrap the workforce matters code on Public Sector service contracts.

Access to capital and 'payment by results'

It is our understanding that government proposes 'Payment by results' for providers for adoption across a number of service areas as set out in the Spending Review 2010. NCF and VODG members are committed to demonstrating and evidencing quality of services and outcomes and working with commissioners to find the most appropriate measures to monitor and reflect the full value and quality of provision. However proposals for a 'payment by results' approach do not sit comfortably with the culture of trust, openness and mature dialogue which our members have strived to achieve with their local authority partners, and which we have demonstrated is essential to achieving and delivering quality services that meet the needs of service users and communities that we support. In addition there are a number of specific factors associated with a 'payment by results' approach to services of significant concern to NCF and VODG members:

1. Providers must have access to **working capital** to provide services and to underpin their operational business. Access to capital is an ongoing concern to many voluntary sector providers wishing to develop and modernise existing services. Capital is both difficult to secure from banks and other financial institutions and is expensive. The NCF and VODG welcome the planned Big Society Bank, however we understand it is expected initially to only have access to £60m funds. This may grow to £400m within a few years but these are still low numbers compared with the likely demand¹. Challenges around access to capital are amplified by the fact that public sector clients are attempting to reduce the level of fees paid in the context of reduced public spending, and many voluntary sector providers still do not recuperate the full costs of providing public services.

Lack of access to working capital is not only an issue for existing organisations and services, but would pose a significant barrier to the emergence of new organisations and services and to innovation. Investment in the market and accessible income streams for the sector both to establish new services and modernise existing services are needed in order to facilitate the diversity and plurality of provision government policy wishes to create.

2. Similarly the risk and uncertainty associated with a 'payment by results' approach could prove to be a significant disincentive to organisations wishing to provide public services, and is likely to reduce the diversity and plurality of provision this Green Paper and related public service reforms seek to encourage.

3. There is a danger that 'payment by results' would promote a return to input/output and 'target' focused approaches to services and service delivery as means of measuring performance. Recent government policy has increasingly recognised the need for an **outcomes**

¹ Voluntary Organisations Disability Group and Centre for Public Service Partnerships (2010)
"Maximising service outcomes - The contribution of capital finance and assets"

based approach to commissioning and service provision, especially in health and social care, as reflected in the new Vision for Adult Social Care. Outcomes focused approaches to services allow voluntary sector providers to respond flexibly and innovatively to user need and aspirations. Furthermore it has been acknowledged that services aimed at early intervention and prevention have been difficult to evidence because of factors such as longevity and the capacity to prove such services 'prevent' the need for further intervention in the long term. These challenges are amplified by the fact that public sector contracts for services delivered by voluntary sector organisations are often short term. Yet voluntary sector providers are often especially well placed to provide such services and prevent the necessity for more expensive and intensive provision further down the line.

The NCF and VODG therefore urge that contracts continue to be commissioned on the basis of outcomes and that measures reflect the full value and longer term benefits that services delivered by voluntary sector organisations can have, such as the added value brought by volunteering and the inclusion of the service user voice in determining provision. To this end the NCF and VODG support the *Public Services (Social Enterprise and Social Value) Bill* which will require contracting authorities to consider the full range of economic, social and environmental value that voluntary sector providers can bring.

3. Improving knowledge and increasing voluntary sector and community involvement in all stages of commissioning

The NCF and VODG have long argued that providers should be involved in all stages of the commissioning cycle, helping to understand user needs and expectations from the outset in order to achieve the most beneficial outcomes for users of services and communities. However our experience shows that this still happens all too rarely.

JSNA

The joint strategic needs assessment (JSNA) to date has been largely a missed opportunity to develop a vision of demand in local communities and too frequently has not engaged the knowledge and expertise of voluntary sector providers. As the Office of Government Commerce has said, voluntary groups may have links to the community that cast light on how best to meet the needs of particular user groups.

Many providers hold a wealth of data and information about service user needs via the people using their services which can usefully be fed into the JSNA process. Care providers are especially well placed to build understanding of complex needs and conditions and can engage people that might otherwise be marginalised in the planning process because they lack visibility in the community. In addition, voluntary sector groups often have detailed knowledge about local services, including gaps in services and unmet need, which can be used to help map local provision and inform future service planning. For example, one VODG member, RNIB, was able to collect data and improve knowledge about the prevalence of sight loss and eye conditions amongst BME communities in Bristol. Using this information they were able to influence the JSNA process and help make the case to commission a new Patient Support Service at Bristol eye hospital.

In other cases voluntary sector providers can directly facilitate the inclusion of the service user voice in determining provision, for example in the case of Neurological Commissioning Support,

a joint initiative of the Motor Neurone Disease Association, the MS Society and the Parkinson's Disease Society. The initiative works to ensure the needs of people with long-term neurological conditions are at the heart of commissioning. NCS works alongside PCTs, County Councils and service users. It produces clear recommendations for PCTs to deliver better outcomes for services in neurology. For example, in Bath & North East Somerset the scheme focused on palliative and end of life care for people with neurological conditions. The NCS worked as a broker between the service users and PCT commissioners, and obtained the views of service users in a variety of ways in order to try and reflect the diversity of the group living with neurological conditions. They found out what service users felt about the services they received and what they would like to receive in the future, managing service user expectations. A report was produced for commissioners containing recommendations. The benefits of such an approach were in this case health care savings, improved end of life care, and service user involvement and determination of provision².

Being able to reach and include the community's voice in the local planning process is a key strength of the sector, but it depends on commissioners engaging voluntary and community organisations and providers at the outset, a willingness to work in partnership, and making full use of mechanisms such as the JSNA.

4. Personalisation

Personalisation presents an opportunity for service users and communities to take a much greater role in commissioning their support and shaping the local market of services through the roll out of personal budgets. But personal budgets are only the start. Personalisation should not mean simply giving people a budget and then leaving them to purchase their own care. Successful service transformation depends on providers and commissioners working together with service users and communities to develop a range of provision that best meets people's needs.

Service users have a range of skills, knowledge and strengths which can be used to inform provision and are often best placed to know what will deliver the best outcomes for them. NCF and VODG members are committed to engaging the strengths and expertise of service users, their families, carers and networks in shaping and delivering support services and actively involving them in making decisions about their support. Our experience demonstrates it is vital that commissioners, providers and service users work together to share the learning generated from this process. Engaging service users and voluntary sector providers in this way helps develop robust market intelligence which is essential for personalisation to work effectively and translate this learning into a choice of services that deliver the outcomes people want. Indeed, our experience shows that the best services are developed through the combined and shared expertise of providers, commissioners, service users and communities. This also depends on growing a culture of trust and openness when negotiating changes to existing contracts and managing transitions to avoid destabilising the market which could otherwise undermine the choice and control for users that this agenda aims to facilitate.

² From VODG (2010) *Gain without Pain*

The promotion of partnership working and constructive dialogue between commissioners, providers and communities should be at the heart of government's programme for modernising commissioning, and will be of increasing importance as public services experience financial reductions. The NCF and VODG are committed to building collaborative relationships with commissioners and the communities they support and we shall continue to explore ways in which the voluntary sector contribution to public service provision and development can be enhanced. We would welcome the opportunity to discuss any of the issues raised in this response further and provide any further input to help with your review.

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