

# Modernising Commissioning

## *A response to the Green Paper from South West Forum*



### **1 South West Forum**

1.1 Established in 2000 South West Forum is an advocate and champion for social purpose<sup>1</sup> organisations. Our job is to help the 70,000 or so social purpose organisations in the South West to pursue their mission as effectively and efficiently as possible. We enable the South West social purpose sector to be actively involved in planning, designing and delivering public services; to network and learn from each other; to work collaboratively; to have access to high quality support and development services and to raise awareness and understanding of their work within the public and private sectors and the wider population. We work closely with our colleagues in other regions through Regional Voices ([www.regionalvoices.net](http://www.regionalvoices.net)) including as a national strategic partner to the Department of Health.

1.2 South West Forum plays an active role in helping to improve commissioning processes in the South West and in enabling social purpose organisations to collaborate and form partnerships in order to secure public service contracts. We have organised commissioning training for social purpose organisations and contributed to training and learning for commissioners. We have led the development of the South West Regional Compact (which has won two national excellence awards) and produced the "Investing for Inclusion" protocol – both of which advocate good practice in funding and commissioning services. We also facilitate a network of local authority officers who work with the social purpose sector. This is designed enable officers from all tiers of local government across the South West to share good practice and learning in, amongst other things, commissioning, funding, compact implementation and partnership working.

1.3 Commissioning practice in the South West is not of a consistently high standard and thus we see this Green Paper as an opportunity to secure significant improvements. Whilst many of the issues facing South West organisations will be common across other parts of the country there are some distinctive features of the South West which have an important implication for commissioning practice. These include:

- a high proportion of relatively small organisations with limited capacity to engage in complex commissioning processes;
- a predominantly rural region which can make it difficult for organisations to network and establish collaborative relationships;
- communities (especially rural ones) where social purpose organisations are already delivering an extensive range of public services and may have limited capacity to take on more;

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<sup>1</sup> South West Forum uses the term "social purpose" to define organisations which perform a social or community purpose, are independent of the state, and do not distribute profits. It includes voluntary and community organisations, charities and social enterprises.

- limited access to pro-bono support from the corporate sector because the South West economy is dominated by small and medium size companies;
- under-resourced and in some areas quite limited support and development services for social purpose organisations across the South West.

## **2 Overview and Process**

2.1 We welcome the government's commitment, as reflected in the Green Paper, to improve commissioning in order to make it easier for social purpose organisations, and a wider range of organisations, to participate in the delivery of public services. This is important because social purpose organisations and especially those with strong local roots and connections are frequently best placed to deliver efficient and effective services to particular communities of interest and geography.

2.2 Given the importance of the Green Paper we do not regard the consultation process as adequate. The time available for South West Forum and other organisations to elicit the views of members and other stakeholders was totally inadequate and the Office of Civil Society's approach to "piggy-backing" consultation discussions on existing planned events had severe limitations. Whilst we recognise there may be a case for some flexibility in applying Compact principles in certain circumstances an effective consultation period for the Forum and presumably others of less than five weeks and including the Christmas/New Year holiday is unacceptable.

2.3 However at very short notice South West Forum did take the initiative (with GoSW) in organising a small informal consultation discussion on 14<sup>th</sup> December and also facilitated short discussions on the Green Paper at the Forum's Voluntary Value conference on 13th December. These discussions have informed this response. There has not been time to consult our members in the way we would normally wish.

## **3. New Opportunities**

3.1 We do not believe that there should be an automatic assumption that public service areas with low levels of non-state provision should necessarily be opened up to the social purpose sector. There may be a strong case for reasons of democratic accountability, efficiency and consistency of provision across the country that certain services should continue to be provided and managed directly by the state. "Diversity of provision" does not automatically result in better quality and more efficient and effective services for beneficiaries.

3.2 We believe that rather than focussing on opening up "new" opportunities the government should concentrate on making existing opportunities genuinely accessible to the social purpose sector, especially small and medium size organisations. The priority should be to improve existing commissioning practices to ensure the benefits (of innovation, flexibility, efficiency and reach) the sector can bring to public service reform are fully realised.

3.3 The government should note that in some fields of public service current commissioning practice is having the reverse effect to that intended in this Green Paper. For example the Skills

Funding Agency's approach to European Social Fund programme delivery in 2011-2013 involves a radically reduced number of much larger contracts compared to the 2008-2010 programme. It is anticipated that this direction of travel is also likely to be observed in mainstream Skills Funding Agency (SFA) contracts, with the introduction of a minimum contract level. These contracts, now running into several million pounds each and covering large geographical areas make it much more difficult for small and medium size organisations to compete as potential prime providers and sub-contractors. There is a real risk that this type of commissioning process, in practice geared to large organisations with national coverage, will effectively exclude the innovative, flexible and locally responsive forms of delivery this Green Paper seeks to encourage. Because small, local social purpose organisations are embedded in and led by local and equalities communities they have unparalleled access to the most vulnerable and marginalised people that public agencies find it difficult to engage. If the trend towards larger contracts continues, commissioned services will not reach the most vulnerable in society.

3.4 While there are opportunities to build consortia of small and medium size organisations to compete for these new contracts there is now no funding available (from SFA or elsewhere) to support the development of such consortia. In the past agencies such as the Learning and Skills Council had some discretionary funds available which could be used for capacity building and consortium building. We urge government to ensure that agencies seeking to commission services from the social purpose sector allocate some funds for facilitating consortia and partnerships within and between the social purpose and private or independent sector.

3.5 South West Forum has taken a lead in establishing the Community Learning Employment and Skills Partnership (CLESP). This consortium, which now has 80 member organisations, is designed to enable social purpose organisations in the South West, to collectively secure ESF Skills Funding Agency contracts. Drawing on experience in Merseyside and elsewhere CLESP is a response to the changing structure and scale of ESF contracts and is designed especially to enable small and medium sized organisations to play a key role in the delivery of ESF supported services. So far the Forum's ESF Technical Assistance project (Voluntary Value) has been able to support the establishment of CLESP but the future of this project is under threat because of the lack of matched funding. South West Forum's experience is that considerable resource is required to develop and maintain a consortia and that in the initial stages of development this needs some designated funding and capacity.

3.6 We do not think the concept of setting "proportions of specific services that should be delivered by the independent sector" is appropriate or reflects the fundamental ethos of this Green Paper. Commissioning decisions should be based on clear, transparent and robust specifications which incorporate the delivery of service outcomes and wider social, environmental and economic value. Social purpose organisations should be able to compete fairly with other types of provider. Furthermore there is concern that any set proportion of services to be delivered by the sector could easily become regarded as a "ceiling target" rather than a minimum. Thus such a requirement could be counter to the intentions of the Green Paper.

3.7 However we do propose that public agencies are required to publish (at least annually) data on the providers of their commissioned services. This should include information on the type of provider by sector (private, social enterprise, voluntary organisation, employee-owned mutual etc.) and the number and size of contracts. This would enable interested parties, including government itself, to make informed judgements on an agency's engagement with the social purpose sector in the context of their statutory functions. It would also provide a means of measuring how levels of engagement change over time.

3.8 There is a clear view from our consultees that "payment by results" is not an appropriate funding mechanism for commissioned services unless the core costs of delivering a service are met through a conventional quarterly or monthly reporting, monitoring and payment process. Additionally, 'payment by results' presents cashflow issues for small and medium sized organisations who lack the resource to deliver before payment is received. There may be a case for some form of incentive or results based payment to reward the achievement of particular outcomes or added value but there is no way that the majority of social purpose organisations (of any size) have the financial capacity to meet the costs of delivering services or will be prepared to take the risks involved in a "payment by results" regime. We question whether there is evidence that payment by results can necessarily lead to "*greater innovation and flexibility in delivery models*". Indeed it is possible that the reverse may be true if service providers are not prepared to take the risk of innovative approaches which, by definition, will be untried and untested. Conventional funding and contracting models can allow for and even encourage innovation and flexibility if commissioning processes and tender specifications are appropriately designed.

3.7 The appetite for or practical application of social impact bonds and similar financing instruments is not sufficiently tested for them to be regarded as serious options for the majority of commissioners and potential providers at this stage. There is a risk that if the "payment by results" approach is taken up it will be largely by the large national and international providers (in the private and social purpose sector) and so fail to deliver the flexible, innovative, responsive and community-based forms of service provision this Green Paper seeks to encourage.

#### **4. More Accessible**

4.1 Based on our consultation discussions we believe that the focus of government's efforts in modernising commissioning should be on improving the accessibility of commissioning opportunities. We believe government should take the following steps.

**4.2 Standard menu of PQQ questions.** All public agencies should be required to use a standard menu of questions for PQQ and similar processes. It may not be appropriate for all agencies to use a standard PQQ because their individual needs will differ but it would be of great assistance to social purpose organisations if agencies drew from a standard set of questions when devising their own PQQs.

**4.3 Plain English communications.** Communications with potential providers at all stages in commissioning processes should conform to Plain English and other appropriate quality standards. For example the automated communications issued through the Skills Funding Agency PQQ and invitation to tender process are unclear, confusing and poorly targeted (See Appendix A for example). Guidance and advice is difficult to access and the system appears opaque and inaccessible to those for whom it is unfamiliar. Additionally, commissioning websites (eg, Bravo) can lack user-friendliness, by presenting difficulties for the user who seeks to locate a piece of information.

**4.4 Advance notice of commissioning intentions.** Wherever possible commissioners should be required to give notice of the key elements of commissioning opportunities well in advance of the start of a formal procurement process (for example, funding priorities with respect to a beneficiary group). This will give social purpose and independent sector organisations some time to explore the scope for establishing delivery partnerships and consortia. At present the formal tender submission "windows" are generally too short to enable robust consortia based on sound partnership principles to be established. It may be appropriate to require public agencies to publish their "commissioning intentions" for the period ahead every 6 months.

**4.5 Support for consortia development.** All appropriate public agencies should be required to allocate some resources which can be used to support the development of consortia, partnerships and other collaborative mechanisms amongst social purpose and independent sector organisations. Support for consortia in the social purpose and independent sectors could be regarded as a fair and proportionate equivalent to the government's investment in the establishment of employee-owned mutuals spun out from existing public bodies.

**4.6 Training that engages commissioners with providers.** Whilst the programmes of training for commissioners, specifically in relation to the social purpose sector, have had some value we believe that there should now be a shift in emphasis. Government should support initiatives which bring together those responsible for commissioning with representatives of provider sectors (social purpose, independent, mutuals etc.) to improve their joint understanding of good commissioning practice. There is little doubt that bringing together commissioners and provider representatives "in the same room" (literally and metaphorically) to learn together has a number of benefits.

**4.7 Resources to support dialogue between commissioners and social purpose sector.** A common experience at local level is that commissioning processes work best for all concerned where commissioning managers are accessible and "visible" to the sector. It is evident that across the South West the commissioning practices of local authorities and PCTs, for example, vary widely. Such variation appears at least in part to relate to the level of engagement and dialogue between commissioners and social purpose organisations. This dialogue requires, amongst other things, an effective local social purpose sector infrastructure (for example through networks, forums, assemblies, councils for voluntary service and rural community councils.) This infrastructure is under threat from public spending cuts and thus we ask government to press local authorities and other public agencies to at least maintain current



investment in support and development services for the sector. Reduced investment in support and development services for the sector will undermine the government's ability to deliver many of the objectives of the Modernising Commissioning Green Paper and the broader "Big Society" agenda.

**4.8 Quality mark for commissioning.** We believe there is a case for establishing a clear, simple "quality mark" for public sector commissioning processes. This would draw on the renewed Compact and the Merlin principles. It would assist commissioners in designing processes which meet a set of core good practice principles and equally give confidence to potential providers that they were entering into a process which would be fair, transparent and proportionate and, again, in line with published principles.

**4.9 Advocating importance of grants programmes.** We urge government to continue to recognise and advocate the value of grant funding as a legitimate and appropriate commissioning mechanism. Grants can be highly effective and efficient in delivery quality outcomes and can encourage and facilitate the innovation and responsiveness the government seeks. We urge government to support learning and networking programmes which help local authorities and public agencies at all levels to learn from good practice in designing and delivering effective, efficient, transparent and robust grant programmes.

## **5. Value**

**5.1** We welcome the government's commitment to ensuring commissioners take full account of social, environmental and economic value in their processes, including support for the Public Services (Social Enterprise and Social Value) Bill.

**5.2** We believe that this field lends itself to dialogue and discussion between commissioners and potential providers and sector representatives. There is a range of tools and methodologies currently available and being developed to measure impact and value but it is notoriously complex area. We think there is a case for government to support a learning programme, which brings together commissioners and the social purpose and independent sectors to better understand the tools currently available and how they can be applied for particular commissioning processes.

**5.3** It should be noted that South West Forum is managing a £465,000 four year BIG funded research project on the economic impact of interventions by social purpose organisations tackling disadvantage. This project is also seeking to strengthen partnership working between social purpose organisations and the Higher Education sector. The first stage of the project involves reviewing and assessing different impact measurement methodologies and developing a set of economic indicators that can be used for the specific research studies commissioned through the Project. We would be pleased to share the lessons and evidence from this project for any learning programme related to commissioning.

**5.4** We fully endorse the government's desire to take a broader approach to measuring social, environmental and economic value in commissioning public services. However, this highlights

the importance of collaboration, joint planning and potentially pooled budgets between agencies with different direct service responsibilities. Social purpose organisations have been enthusiastic about participating in the Total Place and then the Place Based Budgeting programmes and believe they have a major role in helping improve the effectiveness and efficiency of public bodies and services. But the rhetoric about the importance of the sector is not always matched by the reality of their actual involvement.

5.5 Thus ensuring the measurement of social, economic and environmental value in commissioning has real impact on decisions requires the social purpose and independent sector to be effectively and actively engaged at a strategic level. This requires engagement in and representation on Local Strategic Partnerships, Local Enterprise Partnerships and other strategic planning mechanisms. However, in many cases this engagement is not happening. Government should remind public bodies and partners of the critical importance of engagement with social purpose organisations in every correspondence about partnership working.

## **6. Citizen and Community Involvement**

6.1 The objective of greater citizen and community involvement in commissioning is to be welcomed. We believe this requires the following:

6.2 Citizens and community groups having access to high quality information, support and development services which are based on a good understanding of local issues, needs and structures. Local support and development (or infrastructure) organisations are crucial in this respect and we urge government to press local authorities and other public agencies to at least maintain their funding for such services.

6.3 The provision of support and development (or infrastructure) services which ensure that greater citizen and community involvement enhances and strengthens equality and community cohesion. There is a fear throughout much of the social purpose sector that greater community involvement runs the risk of fuelling the worst aspects of NIMBYISM and could lead to parochial decision-making driven by and in the interests of small vocal and organised sections of the local community. Effective support and facilitation, in the past provided by, for example community development workers employed by local authorities and/or social purpose organisations, is essential.

6.4 Enabling citizens, communities, social purpose organisations and public bodies to learn from good (and bad) practice in community empowerment and involvement. We believe government should support a modest learning programme which helps to disseminate the lessons from a wide range of initiatives and pilot projects that have taken place over the past few years - building on the work of the national and local empowerment partnerships.

6.5 South West Forum, working with the Regional Empowerment Partnership, has developed the "Empowerment Works" blog site ([www.empowermentworks.blogspot.com](http://www.empowermentworks.blogspot.com)) which provides access to a range of tools, case studies, information and other resources to enable practitioners to design and deliver effective empowerment processes and programmes. We would be pleased

to discuss with the Office of Civil Society and others how this important resource could be developed and expanded to have national coverage.

6.6 Support to enable the new and emerging GP consortia to engage effectively with the communities and citizens they serve. We believe there should be government support for a programme, led by the social purpose sector, which expressly targets GP consortia and draws on the experience and expertise in community empowerment and involvement developed in local authorities. This is a critical phase in the development of GP consortia and we believe that building in a strong understanding of and commitment to community empowerment at this early stage is essential.

**For more information contact:**

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## **Appendix A**

Sample automated communication from Skills Funding Agency (Bravo) procurement system.

Dear User,

Please note that a new message has been published relating to the following PQQ - Pre-Qualification Questionnaire on Skills Funding Agency eTendering Portal:

Message from: Skills Funding Agency

Subject: Urgent Update on ACTOR deadline!

Event Type: PQQ - Pre-Qualification Questionnaire

Code: pqq\_28727

Title: ACTOR DUE DILIGENCE Questionnaire

To view the details of the Message please click the following link, and enter your Username and Password:

<https://skillsfundingagency.bravosolution.co.uk/esop/guest/> .....

Or browse as follows:

- Connect to <https://skillsfundingagency.bravosolution.co.uk>
- Enter your Username and Password
- Browse to the Projects module.
- Click on PQQ - Pre-Qualification Questionnaires
- Click PQQ - Pre-Qualification Questionnaire Code pqq\_28727 to view details. (Suppliers may need to click on "Settings & Buyer Attachments")
- Browse to the Messages heading.
- Browse to the Received Messages list.