

Modernising Commissioning: Increasing the role of charities, social enterprises, mutuals and co-operatives in public service delivery.

Comments from Sutton Centre for the Voluntary Sector

Please find below our comments on the Modernising Commissioning Green Paper.

We are disappointed with the short consultation period over the Christmas period and the fact that this is not Compact compliant, we would urge the Cabinet Office to ensure that all future consultations fall within Compact guidelines.

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

We believe that the main issue is not opening up new areas, but ensuring that the whole commissioning process is more accessible to Voluntary/Community Organisations (VCOs).

We have concerns about payment by results as it creates cash flow problems for organisations, especially for smaller VCOs, who may need to pay salaries and other costs up front and then wait to be reimbursed by public bodies. However, we would strongly support outcome-based contracts which are paid in advance and which would achieve the same results in terms of creating greater flexibility and innovation.

Setting proportions of services to be provided independently may help in areas where public bodies are reluctant to commission out services, but this approach needs to be sensitive to the situation in each area and the capacity of local VCOs to take on additional work.

There needs to be clarity over the 'rights to provide' as it may not always be the best option for a group of existing staff to simply take over a service and establish a mutual. It may be preferable for there to be an open commissioning process to allow potential VCO providers to compete as they might be able to provide a better service than existing staff. We would therefore recommend an open process is always selected.

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

In our experience the main barriers to greater VCO involvement in public service delivery are lack of capacity and expertise to engage with the commissioning process; the fact that in many contracts the risk is heavily loaded onto the provider; lack of transparency around the decision-making about which services are contracted out and which delivered in-house by public bodies; and the increasing use of price as the main criteria at the expense of quality and the needs of individuals. All of these need to be addressed in order to ensure public service markets are more accessible to VCOs.

Whilst supporting the TUPE regulations as an important protection for employees it has to be recognised that they do act as a strong disincentive to VCOs to bid for public sector contracts. This is because of the increased costs involved; the fact that staff transferred from public bodies may find it difficult to adapt to the VCS environment; and TUPE creates

disparities between existing staff and those transferred from public bodies. Where TUPE applies public sector bodies need to provide funding within contracts to meet the increased costs and potential training needs.

Government needs to ensure that price is not the only factor considered in awarding contracts, it is increasingly becoming the dominant criteria in the face of public sector cuts. We have been told that in some areas contracts (including services for vulnerable people) are judged 90% on price and 10% on quality and this is clearly unacceptable. We also know of VCOs who have not bid to deliver public sector services because they cannot provide what they consider a quality service, tailored to the needs of the individual, with the funding offered.

The Big Society Bank needs to offer affordable loans to VCOs, including the infrastructure organisations who support frontline services to bid for contracts. In addition to funding VCOs also need local access to good quality financial advice from those with expertise in the voluntary sector.

Whilst we acknowledge that both SMEs and VCOs experience similar issues and barriers we think there are important differences that need to be emphasised in the commissioning process. VCOs are value driven with a focus on their client group and re-investing any surplus in their work, and they are supported by local communities who give their time as volunteers. This brings considerable additional value to the services provided and should be formally recognised in tendering processes.

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

One way of achieving this would be to ensure that the development of service specifications was not carried out solely by those working for public bodies but included representatives from VCOs and the community. This would ensure that specifications reflect community need and that social and environmental factors are built into the decision-making process.

We would support the use of a Social Return on Investment approach.

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

We welcome the Government's recognition that VCOs "have an important part to play in facilitating, brokering and supporting" citizen and community involvement at all stages of the commissioning process. This is a role that local VCOs have carried out successfully for many years and is one of the most effective ways of ensuring community involvement in the process, however we would stress that this role needs resourcing in order to ensure that it is both democratic and achieves maximum impact.

We also endorse the role of Healthwatch to inform local commissioning. Where LINKs have worked well they have represented the views of individuals and local VCOs in order to influence commissioning for the benefit of the community. In Sutton this has been an effective way of changing both podiatry services and hospital discharge arrangements, and this vital work needs to continue under Healthwatch.

We strongly support the inclusion of Healthwatch and local VCOs on the new Health and Wellbeing Boards as an effective way of ensuring community involvement in the commissioning of health and social care services.

We have identified lack of capacity and expertise as a barrier to VCOs tendering for public services, so as well as investing in the training of public service commissioners the Government also needs to invest in the training of key staff in VCOs. This would enable them to influence and respond to commissioning processes and so further the Government's agenda of greater involvement.

We welcome the extension of personal budgets. VCOs have a significant role to play in supporting community members, when appropriate, to identify and access the services they need. They also have a significant role in supporting individuals as commissioners so that they can influence the development of a range of new services. Current evidence suggests that where VCOs act as brokers individuals are more likely to use individual budgets, and use them to purchase a more creative package from a variety of sources to meet their needs. However, in some areas local authorities are keeping this function in-house leading to a greater reliance on traditional public services. We would therefore urge the Government to ensure that this process is not kept within local authorities.

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