

## **Modernising Commissioning: Increasing the Role of Charities, Social Enterprises, Mutuels and Cooperatives in Public Service Delivery**

### **1. Introduction**

RAISE welcomes the opportunity to respond to the Government's Modernising Commissioning Green Paper which presents an opportunity for civil society organisations (CSO) to play a greater and more valued role in the delivery of public services.

By enabling CSOs to play a greater role in public service delivery and by strengthening the relationship between commissioners and CSOs, not only can there be greater innovation to benefit recipients of public services, but also efficiencies can be identified to lessen the cost of public services to the public purse.

### **2. Background**

- 2.1 RAISE was established in 1999 in response to the growing need to ensure that voluntary and community organisations have the capacity and the mechanisms to influence policy. RAISE exists to inform and involve voluntary and community organisations, enabling them to influence the wellbeing of local communities in the South East.
- 2.2 RAISE is governed by an elected representative Board consisting of 24 voluntary and community sector individuals from the South East, who collectively offer full geographic coverage of the South East. The Board reflects the diversity of the voluntary and community sector and is accountable to the sector in the South East.
- 2.3 Current membership includes 1,432 VCOs with full voting rights, 1,861 individuals from the voluntary and community sector, an associate membership of thousands and affiliate membership of 686.
- 2.4 RAISE has consulted with its members in the South East of England and they have informed our response to this consultation.

### **Response to consultation questions**

- 3. **Question 1: In which public service areas could Government create new opportunities for civil society organisations to deliver?**

- 3.1 Although payment by results systems can potentially deliver greater innovation and flexibility in service provision, there is an inherent danger in adopting such an inflexible system for every type of service. RAISE is concerned that some of our members might be unfairly disadvantaged by the process and could therefore be excluded from taking part. An example being that a CSO working within a specific community, supporting a specific socio-demographic section of the community might, due to the specific needs of their clients, have to engage on a much more intensive basis over a longer period of time. This form of public service delivery is often not possible within a payment by results system.
- 3.2 A large majority of civil society organisations will not have access to the working capital necessary to finance a payment by results system i.e. payment in arrears. A payment by results process involves transferring a greater proportion of risk to the provider, which would not be tenable for many small civil society organisations. In addition, many of the services provided by civil society organisations do not deliver a tangible, measurable output that would fit a payment by results system, such as advocacy and support services.
- 3.3 If a payment by results system is introduced for service providers across the board, civil society organisations must be supported during this transition to enable them to engage on a level playing field.
- 3.4 Recognition of full cost recovery by commissioners relating to CSO relevant activities should be embraced.
- 3.5 RAISE believes that the breadth of CSOs mirrors the breadth of society and consequently, there are no elements of public service that should be debarred from civil society providers. Approximately 45% of the CSOs in the South East of England are engaged in Health and Social Care activities. This is clearly an area in which CSOs are able to contribute most to public service delivery. There is however an imbalance in the sizes of organisations delivering services. It is harder for smaller organisations, either working individually, or in consortia to successfully bid for contracts, these often being won by larger 'national' organisations.
- 3.6 RAISE does not believe that the concept of setting "proportions of specific services that should be delivered by the independent sector" is appropriate. 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, with CSOs able to compete on a level playing field with other types of provider. However there is an argument for increasing the diversification of organisations involved in public service delivery. By doing so a number of benefits can be accrued, including:
- greater choice for the consumer
  - decreased risk of failure in delivery for commissioners
  - sustainability built in to service providers within localities
- 3.7 With reference to encouraging more CSOs to team up with employee-led mutuals, this is not always an easy task to achieve. Usually, the mutual has been formed to deliver against a specific remit and has been established in a form that meets its operational requirements. Consequently, the most logical opportunity for greater

interaction between mutuals and other CSOs is in the form of partnerships (where activities are synergistic), or on a contractor/sub-contractor basis.

- 3.8 The role of local voluntary and community support and development organisations (LSDOs) in both supporting, and building the capacity of frontline service providers to better compete in the commissioning process is crucial. With frontline civil society providers increasingly expected to engage in the local commissioning process, the support they receive from their LSDO is more important than ever. LSDOs play a vital role in helping to develop the local provider market, particularly in supporting smaller, more specialist providers to engage in the commissioning process e.g. through holding local marketplace events (providers meet the commissioners) or developing provider directories. Often commissioners are unaware of the vital role that civil society groups play in delivering services in their area, and LSDOs can play an important role in raising commissioners' awareness of the social and economic contribution made by the sector. However the majority of LSDOs are experiencing substantial funding cuts and uncertain funding after April 2011, so this much needed support for frontline providers will reduce to the point whereby it becomes weakened to the point that it cannot meet demand, or disappear altogether.
- 3.9 RAISE welcomes the introduction of the Merlin Standard which is intended to ensure that sub-contractors, including CSOs, are treated fairly. However we would seek greater clarity on how the Merlin Standard would work alongside the system of Personal Budgets.
- 4. Question 2: How could government make existing public service markets more accessible to civil society organisations?**
- 4.1 Potential barriers to commissioning for civil society organisations can include:
- commissioning processes are often inaccessible, overly complex and administratively burdensome, particularly for smaller providers
  - short term contract periods
  - short window to respond to contracts
  - access to finance/working capital where a payment by results system is in place
- 4.2 A common concern within CSOs is the potential for a 'postcode lottery', whereby organisations in one area might be more or less favourably regarded by commissioners than in a neighbouring area. The government can help address this perceived disparity by setting out guidelines for commissioners as the method of CSO engagement and a common set of standards. Red tape is often a preventative factor, particularly for smaller CSOs and RAISE calls on the government to engage all stakeholders in identifying solutions to reducing this where it present a barrier.
- 4.3 Cost and value for money should be balanced against other factors that CSOs are able to deliver, which can be difficult to measure financially, such as access to vulnerable and hard to reach groups and the trust invested in CSOs by such individuals.
- 5. Question 3: How could commissioners use assessments of full social, environmental and economic value to inform their commissioning decisions?**

- 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 Notwithstanding the need to reduce the budget deficit, by embracing the strengths and added value that CSOs bring to service delivery and interactions with their service users, innovation, cost savings and a reduced reliance on public services by individuals can be delivered. This sometimes comes at a short term cost however. By investing in 'pump-prime funding' of new services, particularly those which encourage service users and volunteers to take an active part in the meeting of need, longer term savings can be made. An example to illustrate this is where individuals with mental health problems are encouraged to volunteer in support of their peers. Real case studies have demonstrated that this early intervention has lessened the effect on the individual and prevented the worsening of their condition and avoided the risk of their becoming unemployed. In certain instances this form of preventative 'treatment' has also culminated in a reduction in the services of specialist support required, thereby lowering the cost to the public purse. This form of support however can therefore deliver medium to longer term savings but does require shorter term 'start-up' costs.
- 5.3 The same methodology can be applied across social, environmental and economic activities. CSOs can be further encouraged to deliver such innovation by the government's encouragement of a greater dialogue between commissioners' and service designers' and CSOs.

**6. Question 4: How could civil society organisations support greater citizen and community involvement in all stages of commissioning?**

- 6.1 The role of local voluntary and community support and development organisations (LSDOs) in both supporting, and building the capacity of frontline service providers to better compete in the commissioning process is crucial. With frontline civil society providers increasingly expected to engage in the local commissioning process, the support they receive from their LSDO is more important than ever. LSDOs play a vital role in helping to develop the local provider market, particularly in supporting smaller, more specialist providers to engage in the commissioning process e.g. through holding local marketplace events (providers meet the commissioners) or developing provider directories. Often commissioners are unaware of the vital role that civil society groups play in delivering services in their area, and LSDOs can play an important role in raising commissioners' awareness of the social and economic contribution made by the sector. However the majority of LSDOs are experiencing substantial funding cuts and uncertain funding after April 2011, so this much needed support for frontline providers will reduce to the point whereby it becomes weakened to the point that it cannot meet demand, or disappear altogether.
- 6.2 The Local HealthWatch (currently Local Involvement Network or LINK) should not and cannot be the only way to inform local communities about health and social care commissioning. Local CSOs can also play a key role in engaging patients, carers and the public and encouraging their input when assessing the health and social care needs of a local community. This is a preferable route to information dissemination and encouraging engagement due to the 'reach' that many CSOs

have within local communities. RAISE therefore proposes that a dedicated engagement role is identified for local CSOs with Local HealthWatch.

- 6.3 The Government's continued commitment to the JSNA process as a way to ensure the needs of local communities are embedded into local commissioning priorities is welcome. CSOs have an extensive knowledge and understanding of the needs, including the unmet needs, of their local populations which is invaluable to the JSNA. Their contribution to the JSNA process should be actively sought by local authority partners to ensure that local commissioning is based on a true and accurate picture of local need.
- 6.4 CSOs can potentially play a key role in supporting the extension of personal budgets across a range of service areas. This could be through providing a brokerage role between providers and patients (as a user-led organisation) or by supporting individuals with personal budgets to make their choices.
- 6.5 Support to enable the new and emerging local GP consortia to engage effectively with the communities and citizens they serve. RAISE would welcome 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.

## **7. Other comments**

RAISE would like to point out that the four week consultation period provided for this Green Paper is in breach of the Compact compliant twelve week consultation period. Further it has not been a sufficient time period within which to enable all relevant CSOs to participate in this consultation.

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