

Suffolk County Council's response to Modernising Commissioning Green paper:

Suffolk County Council welcomes the opportunity to respond to this consultation on the green paper on Modernising commissioning. We have been focussed on improving how we commission public services over the last few years. The council is broadly in line with most of the proposals put forward in the paper. However to some extent this does feel like yesterday's solution to tomorrow's problem. As personal and community commissioning become the norm the need for local authorities and government to commission services directly from third sector organisations will be diminished. Hence focussing on this seems to be contrary to these broad policy aims. Below is a more detailed response to the specific questions.

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

Suffolk County Council's New Strategic Direction (NSD) was adopted by full council on 23rd September (see attached). This sets out the direction the vision of how the Council will operate in the future. As part of this NSD, Suffolk County Council will no longer deliver public services directly. These will be delivered externally through a number of channels including contracting and divesting responsibility for delivery to other organisations and communities. With this in mind all service areas should be opened up to opportunities for delivery by civil society organisations.

Sub- Question: What are the implications of payment by results for civil society organisations?

As a local authority payment by results as a method of funding prevention work is hugely appealing as it provides a method of only funding what works. However it massively increases the transfer of risk from public sector organisations to providers. Most CSOs are not willing to bear this risk and it is unlikely to be an efficient transfer of risk as most CSOs tend to be as (if not more) risk averse as public sector organisations. New financial tools such as the social impact bond are an excellent solution to this problem as they pass the risk onto investors who tend to have lower risk aversion.

A positive outcome will be that it will encourage more and better impact measurement from all sectors as this will be vital for providing evidence and hence receiving payment. At the moment this is at best inconsistent and only through good impact measurement can CSOs live up to the rhetoric of being innovative and delivering added value.

To make the most of the opportunities offered from payment by results models there is a need to build capacity of civil society organisations in particular trustee boards especially around risk management and willingness to embrace loan and equity finance.

Through our own research into the competitiveness of the markets for public services we have shaped in the last decade, we have sought to lift some of the learning to a regional level. A regional centre of excellence in commissioning, based on market shaping is being developed in association with ACEVO, Equity Plus, Celarben Venture, the Young Foundation and sponsored partly by Improvement East. This is based on identifying learning for each part of the market and bringing those journeys together in networks. This includes work with finance leaders, commissioners and providers as well as customers. Learning about the effective impact appropriate infrastructure can play has also informed the programme and in Suffolk three pilot Leadership Accelerator Programmes focused on enabling CSOs to embrace personalisation and the change associated with it are providing rich learning. This part of the programme is delivered by an innovative social enterprise partner Voice Social Marketing.

Sub- Question: Which public services areas could be opened up to more civil society providers? What are the barriers to more civil society organisations being involved?

As discussed above there are very few areas of delivery which should not be opened to CSOs. The biggest barrier for many organisations and community groups will be that they lack capacity. To have a truly dynamic market and to create the “level playing field” there needs to be a concerted effort to build capacity of many CSOs to operate in a more business like fashion. There is considerable investment from all levels of government in capacity building for CSOs through funding to infrastructure organisations. However this has not created the step change for those organisations that are serious about moving into public service delivery. There is very little support available for organisations that need to undergo the significant change required to make the most of the opportunities afforded by the new commissioning opportunities becoming available. All levels of government should consider this if the aim is to increase public service delivery by CSOs of all sizes.

The public and the private sector have a considerable role to play in building capacity. We need to start a pro-bono revolution that makes providing your skills as well as your time to CSOs the norm in all sectors. There are a huge number of people who volunteer but few of them significantly build the long-term capacity of the groups/organisations they volunteer with. However providing legal, financial and business training and support could have a significant impact. A national programme would be required to set this pro-bono revolution in motion.

**Sub- Questions: 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?**

Again this is in-line with Suffolk’s New Strategic Direction as we are actively encouraging communities and organisation to register interest in delivering public services. Within this we need to develop a method of building democratic accountability into divested services. This could be through elected members having a position on trustee boards of organisations who run the services.

Sub- Question: How can we encourage more existing civil society organisations to team up with new employee-led mutuals?

The initial feedback received from local CSOs is that they see new employee led mutuals as much more of a threat than a new part of the sector to embrace. Collaboration will come if employee-led mutuals and existing CSOs can find a common vision and have something to offer each other. To support this government can promote the benefits of collaboration and identify ways of incentivising it. Local Government can facilitate where required and provide the space to come together. Collaboration and supply chain management can also be built into contracts with employee led mutuals

Sub-Question: What other methods could the Government consider in order to create more opportunities for civil society organisations to deliver public services?

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

The key to increasing the delivery of public services is building the capacity of organisations to allow them to compete and win. All levels of government need to commission and invest in capacity building more intelligently. To date support has been supply driven, this needs to shift to becoming demand driven. Those commissioning and delivering support services to CSOs need to learn the lessons from the personalisation agenda and payment by results models of commissioning. Funding and finance to the sector should be used to build long term capacity and not create more dependencies. It should also be the case that doing business with government actually builds capacity; otherwise short-term capacity building is wasted. In too many areas, doing business with government can have the opposite effect creating dependency and inefficiencies.

How the cuts are made in the short term will undoubtedly impact upon whether and how CSOs can deliver public services in the future. Commissioners are currently faced with a dilemma of having to make deep cuts quickly but not destroy the future market that can take advantage of the undoubted opportunities that are on the horizon e.g. personalisation community commissioning and the increase of public service delivery by organisations outside of the public sector.

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

Sub-Question: What issues should commissioners take into account in order to increase civil society organisations' involvement in existing public service markets?

One barrier is the time to form local consortia and partnerships. Most time scales around tenders do not give sufficient time to allow CSOs to invest time in forming consortia. Consortia bidding will be a key mechanism for smaller organisations to win tenders to deliver public services. Local authorities and local infrastructure organisations can support organisations to collaborate where there is a will to do so.

Whilst no organisation has the absolute right to exist The third sector requires help with the forthcoming period of transition and change management on a co-ordinated and expanded basis from the County Council (the one county based authority which significantly funds third sector activity, and to which many quite rightly look to for financial support for service provision to Suffolk residents and communities). If this is not done now organisational chaos, bitterness and service fragmentation will result; and the 'perfect storm' of public sector cuts locally, accompanied by significant reductions in national funding streams, will mean the sector, and the services it provides, will implode. Years of experience, effective service delivery and inter-locking relationships and local knowledge could be thrown to the wind.

Sub- Question: In the implementation of the abovementioned measures, what issues should the Government consider in order to ensure that they are fully inclusive of civil society organisations?

Government should consult with its strategic partners in the civil society sector to ensure that the paperwork and processes are not putting CSOs at a disadvantage. Suffolk County Council have undertaken this work and have developed standardised processes and paperwork for procurement and grants. This was done in partnership with a number of CSOs.

Sub-Question: How can commissioners achieve a fair balance of risk which would enable civil society organisations to compete for opportunities?

Again this comes back to building capacity of providers and commissioners. Smaller CSOs need to build their understanding of managing financial risk as it is unlikely local authority commissioners will commission a service without passing on any risk. Commissioners also need to build their understanding of the implications of financial risk. It would be useful to have some form of standardised exemplar that commissioners can refer to perhaps based on the size of the organisation as to the size of financial risk being transferred is appropriate. Consortia and supply chains are also helpful to reduce risk as it can be shared.

Sub-Questions: 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?

Commissioners need to understand the market and focus on the outcomes required and value for money (not necessarily the lowest price). However this is not easy if there is no evidence to prove value for money and better outcomes. CSOs need to evidence their claims in order for them to be assessed. As discussed previously impact measurement is at best inconsistent. Suffolk County Council is currently exploring piloting an impact measurement system "views" to check its suitability to provide the information that will help improve contract management and in the long-term improve how services are evaluated and hence commissioned.

Sub-Question: 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?

The main issue that there needs to be access to capital - not loans - so that CSOs can take large sums of long-term investment which remains embedded but enjoys a return once an organisation becomes stable/successful. The social finance market doesn't offer this. There are loans aplenty. Grants are good but they are relatively small and tend to pay for activity rather than the gearing-up of the organisation for growth. We don't capitalise CSO organisations that work - such as Teach First, even if they really do the business. Historically, Government has simply capitalised its own projects. While this is no longer going to be the case, there is a strong argument for BSB being used, in part, to heavily capitalise the most successful and innovative CSOs in any given area. This would incentivise growth and get over the financial barriers many of the better organisations feel around getting bigger, particularly when payment by result becomes more normal. To grow in business, you raise capital. CSOs need the same option from the BSB.

Sub- Question: What barriers prevent civil society organisations from forming and operating in consortia? How could they be removed?

There are three main barriers. One is trust. CSOs tend to be unwilling to trust the intentions of others and can be Darwinian in their approach to these matters. A second is that the transaction costs involved are high given the small amounts of money involved. Some partnerships are too complicated and don't take account of the realities of implementation There's just not enough in it to justify the meetings and so on. The final barrier is that these things are often developed too quickly and in a way that makes it hard to consider the details before bids have to be in. It's fairly prosaic stuff but this is what gets in the way. How can they be removed? Firstly, it is important that partnerships are brokered properly. This can be a role for Councils who can act as a check on the credibility of the partnership. Secondly, it is vital that partnerships be long-term in nature and worth the time and efforts of organisations to deliver. Small, short term things are not worth the investment. Businesses don't enter anything but long-term partnerships because of the costs involved. We should encourage the same in our CSOs. Finally, we should, as Councils, use procurement sensibly and score partnerships - good partnerships - well.

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

Three things. First, ask about this during procurement. Second score on the basis of it. Third, choose CSOs that can demonstrate it. The work can be done by the CSOs - and is. The problem right now is that it doesn't advantage CSOs in procurement to have done this work. The data is often there. Commissioners just need to ask for it.

Sub-Question: What approaches would best support commissioning decisions that consider full social, environmental and economic value?

Commissioners are under immense pressure from all angles. One of the biggest contributors to poor commissioning decisions, particularly around grants, is that they are often not empowered to make the often tough decisions that are required. There is often interference from more senior officers and politicians after being lobbied by providers (usually CSOs) to counteract this government (at all levels) need to empower commissioners and engage politicians fully in the commissioning process so they can understand the implications of the commissioning decisions being made. The more open and transparent this process is the less opportunity for poor commissioning decisions.

Also Commissioners need to be judged on the impact of the services they commission and not just on how well the process goes to commission them. This will create the incentive required to ensure that services are focussed on delivering the outcomes required.

Further guidance and perhaps legislation to clarify how this added value can be taken into consideration when evaluating tenders would be helpful and again evidence to back up claims from CSOs would be required to make this a reality.

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

Sub-question: What issues relating to civil society organisations should the Government consider when refreshing the Joint Strategic Needs Assessment Guidance?

Undoubtedly the issue of how this is funded will be raised. As local government funding is decreased, local authorities will have fewer funds to support this kind of community engagement. This will cause tensions between local CSOs and local public sector partners. It would be useful if in the best practice guidance this issue could be addressed. Whilst it is likely to be the case that there is no funding available to support this it may lead to only the organisations that have the capacity to get involved doing so which may mean that parts of the community are not engaged.

Sub-Question: How could civil society organisations facilitate, encourage and support community and citizen involvement in decision making about local priorities and services commissioned?

CSOs can play a role in detoxifying the brand of government. They have more trust from many communities and when working with Local authorities can encourage members of the community to get involved. They can also bring more marginalised views and opinions to the table and advocate on behalf of unpopular causes. There is a risk however of conflicts of interest if those that are advocating are also providers.

Sub-Question: What forms of support will best enable statutory partners and civil society organisations to improve their working relationships?

Generally, relationships between SCC and the local Civil Society sector are good. We work together in a number of positive ways. To date however this has tended to be a transactional approach to partnerships. As long as the local authority provides money then partnership working goes well. As money gets tighter this will be more difficult to continue. Thoughts on how relationships can continue to grow when funding is potentially reducing will be beneficial.

Coming together in non-confrontational arenas to develop joint solutions to local issues will help. Councillors need to be engaged in this process to get the best results.

There needs to be a culture shift from both sides. Local authorities need to move away from the paternal and often condescending approach to working with CSOs and many CSOs need to be less adversarial. We all need to move towards relationships where all partners are seen as part of the solution. Moving away from formal partnerships and boards to groups of collaborators will assist in this as it will lead to collaboration with a purpose and shared vision.

Sub-Question: What issues should the government consider in the development of the future programme of training public service commissioners?

The programme should be delivered to providers as well as commissioners so that they can come together and understand how the other operates.

Those involved in the regional and local approaches to enabling more effective market shaping have been surprised to learn just how alien networking behaviours seem to be in either the marketplace or commissioners. There is very little confidence in what building markets and shaping then long-term means. There are assumptions that this is either the domain of just the profit making sector or that someone else must be doing it. Commissioners and therefore councils spend little time considering what their widest impact is on their local economy and the markets they can influence around public services. Considering these are likely to remain among the fastest growing markets, despite failing government revenues, this is a risk.

World Class Commissioning, initiated by the last Government, was well-intentioned but it hasn't changed the game. We still in the UK have some of the poorest Government commissioning and procurement in Europe. Part of this problem will be ameliorated by the move to personal budgets but there are still large service-silos that will struggle as the demand to push services out of Government intensifies. Issues to consider: professionalise commissioning. At the moment, it is a job a lot of council people drift into and it isn't well-regarded. Secondly, involve outsiders and expert commissioners. Tower Hamlets is appointing a specialist commissioner for the voluntary sector - from the voluntary sector. This makes good sense. The voluntary sector knows they have someone who knows how they work. This is so often not the case and people just speak a different language. There is a need to disband most of the current

in-house commissioning and start again with new teams drawn from a wider gene-pool - private and CSO sectors as well as public sector. There is a need to make commissioners responsible for a lot more connecting with the market. You can only craft clever new solutions if you work iteratively with the market, rather than lock the market out while you write your own specification - then wonder why the market gets cross at how bad the service you've come up with actually looks. Competitive dialogue should be encouraged so that the spec reflects the best of what the market can deliver.

There is a need to establish links between economic development professionals, commissioners and CSOs. Economic Development professionals have been shaping markets and setting the conditions for businesses to improve for years. This support is exactly what is required in commissioning. Economic Development specialists tend to focus on 'key markets' such as technology, agriculture and shipping (in Suffolk's case). However the social care market makes these look insignificant.

Sub- Questions: What can civil society organisations contribute to the roll out of community budgets? What barriers exist to realising this contribution? How can these barriers be removed?

As previously mentioned Civil Society Organisations can help bring marginalised views to the fore when decisions are being made. They can also support communities to get a better understanding of what services are available and what could be available. Some CSOs are flexible and lean enough to respond and facilitate the coming together of a number of local services. The main barrier to this is the availability of good information about the true cost of services is and how they operate. The availability of this information will allow good organisations to build a business case around making the changes.

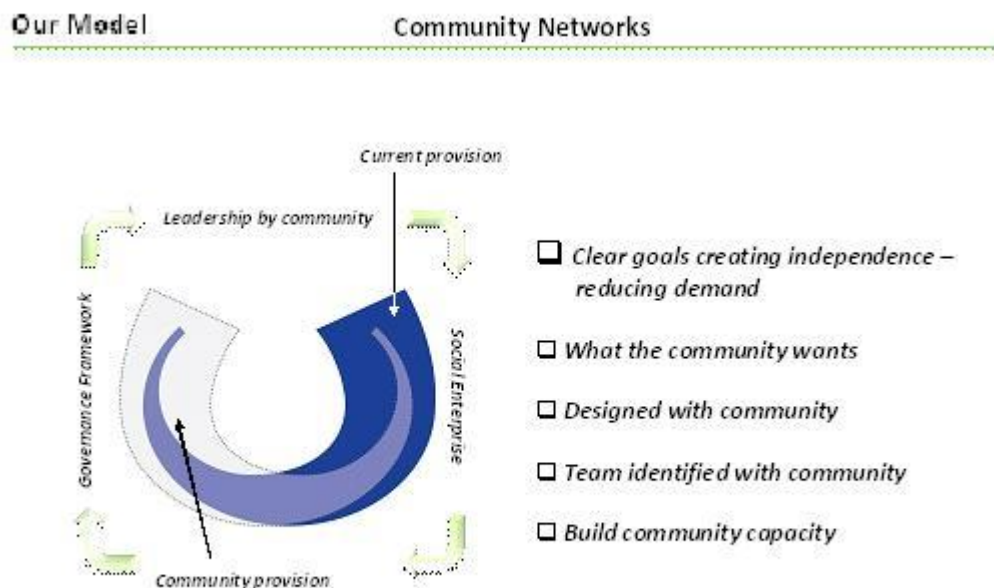
The Suffolk Collaborative (a group of leaders in the county) set up a group to Over the summer of 2010 the Group listened to a range of voluntary groups, community leaders, individuals and members of the public. Research was conducted into how customers perceived the work of statutory agencies and the processes that existed to help people access support – for example social housing. It was clear from those investigations that there could be scope for further improvements to the way statutory and voluntary sectors worked together and with communities.

The messages coming back from communities and front line workers were that they would prefer a “community network” approach to building sustainable communities. This would require a significant cultural shift in the statutory sector

Culture shift fromto
Organisational hierarchies	Community networks
“Silos” and compartments	Integrated delivery
Specialist skills	Multi-skills
Individual, uncoordinated budgets	Pooled budgets
“Doing to” communities	“Working alongside” communities
Driven by national targets	Doing the right thing and delivering local outcomes
Protecting	Sharing

This community network model should be about having the public sector work alongside families and communities to increase independence, find long-term solutions and achieve stability. It should be about building integrated teams and putting the right people in the right place at the right time to support the delivery of local community set outcomes.

Community networks would need the public sector to be an enabler rather than a provider. It would also need the voluntary sector and communities themselves to play a full part in shaping provision as over time, and with the right governance, it would see a significant shift from public provision to community provision:



Sub- Questions: 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?

Again networking behaviour is key to this being successful. In Brandon, Connected Care revealed that local professionals across all sectors and agencies simply were not working together as expected. The asset based approach is key to engaging communities in a way which may lead to more capacity not less. Less meaning consultation overload raised expectations and missed opportunities.

Sub- Questions: What contributions could civil society organisations make to the extension of personal budgets across a range of service areas?

For most people in need a personal budget is a daunting prospect, the equivalent of running a small business. Employees, NI, recruitment, training etc. This, coupled with Councils' own struggles to deliver the actual funds to people is why so few people, overall are on them. The role of CSOs could be to de-risk the whole thing by taking management of groups of people's personal budgets in

partnership with them. The CSOs could actually price and carry the risks in the way that care agencies do - but at the same time give people far more control over the staff. Further to this CSOs could work to link these groups of users together into peer communities that help each other with their issues and provide an informal network of support. Personal budgets make more sense when they give people control without giving them too much complication. CSOs can help with that - and help groups of users to help each other.

What changes do both commissioners and civil society organisations need to make to adapt to an environment where citizens are commissioning their own services?

The key changes in all organisations including providers and current commissioning organisations that will allow a personalised service market to flourish are

- Change in culture
- Shift in powerbase
- Different way of financing services
- Being outcome and impact focussed

For commissioners it is important to ensure that the market of funded services doesn't collapse, leaving personal budget holders little to choose from. This is happening to lots of council funded third sector services as providers pull out unsure that enough users will choose the service - and have the funds to do so. The reality is that given the money a lot of people pull out from services altogether, even from very good ones. This is why personal budgets are seen by many as a mixed bag. The net effect can be to render pretty good service just short of the critical number of users, and reduce the pool of available facilities. Commissioners need to create options for congregate commissioning so that services that provide for lots of people's need can be easily 'bid into' in a co-ordinated way by users. Break-even numbers need to be made clear and commissioners need to be prepared, at the margins, to support services where viability is borderline.

For CSO adaptation is not very easy at all. Services depend on volumes and fees. The reality is that some services are only viable for some because particularly well funded individuals use them. This sort of cross-subsidises services for those who are easier to support. Whether this will be possible under personal budgets is unclear. CSOs need to seek long-term commitment from their users so that they can plan for the long-term.

There is a strong case for mutualism and the pooling of assets and resources to create group purchasing. To make this work government, local authorities and CSOs will need to find ways of incentivising this. If providers collaborate they can also dodge some of the capacity issues.

High Quality information and advice is really important and there is a need for investment in this if personalisation is to be delivered. Good quality information and advice can lead to huge savings as well as better outcomes. A lack of information will lead to greater expense and make it even more difficult for cost savings to be made. It is important that customers know what is available,

including the quality of service and what is expected of them in a proportionate way. However expensive and bureaucratic brokerage services are no longer a viable option. Not only because of the expense but also because they do not shift the power to service users but to the brokers. Evidence has shown that peer support always proves to be better at delivering advice and information. This gives further justification for individuals with personal budgets to come together and pool budgets.