

Modernising Commissioning

Response from Helix Arts

About us

Helix Arts is a medium sized charity based in Newcastle, serving the North East of England. We employ the equivalent of 7 full time staff and also use between 30-50 freelance artists each year. We have an annual turnover of approximately £500,000.

We run participatory arts programmes for the most disadvantaged young people and adults, using a combination of support from Arts Council England, charitable trusts and foundations and public sector commissioners.

Over recent years we have had commissions from various elements of Local Government including youth offending teams, looked after children teams, adult services and employment.

Response to Questions

"What are the implications of payment by results for civil society organisations?"

"Payment by results" is a huge problem for civil society organisations, for five key reasons.

1. *It encourages organisations to claim responsibility for things that they cannot be responsible for*

Firstly, "payment by results" is not possible if the problems that organisations are helping to resolve are complex, such as those involving substance misuse, abuse, mental health problems, or homelessness. The complexity of such problems means that a huge and constantly changing set of variables shapes whether a particular person offends or not, holds down a job or not, enters education or not. Only a small proportion of those variables are under the control of any of the organisations supporting a person with complex needs and problems. This problem is particularly acute for smaller-scale civil society organisations who will be delivering a small part of a range of interventions that person is receiving.

How would we get paid for the results of providing brilliant employment support activities to homeless adults, if the largest local employer shuts down flooding the local job market with people with more recent employment experience? What happens if we are making huge progress working with a substance misuser to find creative outlets for his emotional problems, but then his partner dies of an overdose and he returns to drugs?

By making organisations claim that they can be responsible for "results" in people's lives, it feeds back poor quality information into the policy making process and the management systems of the organisations involved. Effective interventions can be lost because they are completely overshadowed by other factors in people's lives, or the actions of other agencies. Similarly, poor quality interventions can be rewarded. The policy making/management

systems loop cannot function effectively with such crude drivers and data going into it, and there is not time to learn lessons, as the without "results" there is no payment, and hence no future activity.

2. *It encourages organisations to switch from being person-centred to "results" centred*

It is not possible for governments (or anyone else) to purchase "results" in people's lives, because people's lives (particularly those with multiple problems) are enormously complex. It is possible to demonstrate progress in people's personal development, but not to pre-determined, centrally-defined "results".

The reason that many civil society organisations are effective at reaching and providing support to the most disadvantaged is that they take a person-centred approach to supporting that individual. They work with people to understand their particular needs and support their personal development. They don't predetermine what someone needs and where they will end up in x months time. Payment by results forces organisations to move away from such a person-centred approach, because they know that they will only get paid if the people they are working with fit the particular "result" they are being paid for in the particular time frame demanded by the contract. If civil society organisations stop adopting a person-centred approach, they will then face exactly the same problems that state and private sector providers have in engaging people in support services.

3. *Results may take years*

Due to the complexity of problems that some people face, the "results" of particular interventions may not be known for many years. Progress for people with complex needs is not a linear progression from having a problem through receiving an intervention, to being OK. Many of the people are damaged in such a way that it may take years of cycles of interventions to build up change in a person. Not just two steps forward, one step back. But two steps forward, one back, one sideways, three up in the air, and one fall down.

In recent consultation with young offenders on what intervention had made the most difference in stopping them from re-offending, we were told repeatedly that the most effective interventions were provided by consistent support through times of repeated 'failure' by those young people – youth workers who would build a relationship with someone, and act as a champion for them even when they had made mistakes (such as reoffending). It was only a few years later that those young people were able to identify that it was such consistent support that had broken them out of the cycles of offending they were part of.

But, under the "Payment by results" regime, those workers and organisations would have been deemed not to have achieved results, (because they weren't visible until a number of years after) and would therefore not have been paid for that work- meaning they would have to cease support for those young people.

4. *Organisations will stop working with the most difficult to engage*

The end effect of "Payment by Results" is that organisations will stop working with those people for whom it is most difficult to achieve the pre-defined "results". Evidence for this has been clearly seen in previous employment-related programmes, where organisations and employees were paid in relation to the number of people they supported into employment (see Social Exclusion Unit, "Jobs and Enterprise in Deprived Areas", 2004). This was also

clearly stated to us by the partnerships manager of a national employment charity – the beginnings of payment by results instituted by the previous Government meant that his organisation had stopped working with those most in need of help.

5. Working Capital

There is a final problem with Payment by Results for smaller civil society organisations. Such organisations have been fighting for years to get Government to recognise that payment in advance was necessary for small organisations. This was finally recognised by the Treasury and written into the Government's funding compact with the voluntary sector. Payment by results takes us right back to the start of this argument.

Obviously, this element of the problem can have a variety of different solutions, but no changes to the way in which resources are distributed can alter the fundamental flaw at the heart of "payment by results" – it's just not possible to buy "results" in the way that is proposed.

[Outside of my day job, I am currently undertaking research with Newcastle University Business School's Public Service Innovation cluster on this subject. I anticipate publishing research in Spring 2011. I would welcome the opportunity for further conversation about this]

Q: "What issues should commissioners take into account in order to increase civil society organisations' involvement in existing public service markets"

Unrealistic levels of resource per person for working with vulnerable groups

Many recent tenders across different fields – working with NEET young people, adults with mental health problems etc – have totally unrealistic expectations of the level of resource needed to work effectively with vulnerable young people and adults. This means that the most disadvantaged will not be served effectively by such tendering processes.

Short lead in times

A particular issue for smaller organisations is the need to form partnerships in order to effectively compete for larger-scale tenders. Short-lead in times for many tenders make it impossible to do effective partnership development in response to particular opportunities.

Risk transference

Some commissioners and prime providers with which we have contact insist on transferring all the risk to the small providers – effectively putting the burden of payment by results onto those organisations least capable of shouldering it. As highlighted above, this flaw is a key feature of 'Payment by Results' processes and thinking. But this element can be somewhat mitigated by encouraging commissioners/primes to use block purchase rather than spot purchase contracts.

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

Understanding the lives of others

In order to enable people to make a real difference to commissioning in their local areas, people need to better understand the issues which commissioning is trying to resolve. In particular, people need ways in which to understand the lives of others better, particularly those most marginalised at the moment. People can't make decisions in relation to services for others if they don't know what the lives of those others are like.

So – encouraging effective citizen and community participation is only partially about consultation mechanisms, service-user for a etc. It is also about ensuring that the voices of those who aren't currently heard (because those voices are weak, or unpopular) are heard in the debates about local priorities and desired outcomes. As part of citizen involvement programmes, those responsible should commission work which allows those with least-voice to explore their narratives and share those with others. Participatory arts activity is particularly effective in this respect. Helix Arts have been working with Newcastle City Council to develop examples of this kind of activity.

The Local Integrated Services models referenced in the consultation provide a good illustration of what is required. How will people in a locality come to understand and hear the voices of the marginalised and excluded in their midst when planning LIS solutions? By definition, they are not already part of the community's dialogue. What resources will be available to ensure that the voices of the weakest are heard?

Local vs national scale commissioning

Furthermore, in order to think about citizen involvement in commissioning, the relationship between those significant tenders which have already been made at the national scale (such as the Work Programme and National Offender Management learning programme) and local commissioning needs to be better thought through.

The Local Integrated Services model provides a good example to think about in this case. How will local people influence the priorities and performance assessment of Work Programme commissioned organisations? How can this be meaningful involvement when resource levels and output numbers have been agreed nationally?

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