

Modernising Commissioning Green Paper

Increasing the role of charities, social enterprises, mutuals and cooperatives in public service delivery

A response from Gateshead Council

General comments – Gateshead approach

- Gateshead Council welcomes the opportunity to contribute to the Green Paper on Commissioning. At a time of significant change in the funding and delivery of public services, the role and value of commissioning is a key issue for all local authorities. Gateshead Council has recently agreed its first Commissioning Strategy and Framework, which will provide the context for an increasing focus on commissioning.
- The partners in the Gateshead Strategic Partnership have also prioritised commissioning and procurement in the new Gateshead Compact agreed in April 2010, and the Partnership is developing a series of commitments to ensure the role of the voluntary and community sector in Gateshead is taken into account at each stage of the commissioning cycle.
- The Council is also working with partners in the voluntary and community sector to implement the recommendations of our Scrutiny Review into a Thriving Third Sector conducted in 2009/10, and is working proactively with the sector on the implications of budget savings proposals. Our work with the voluntary and community sector has been included as a good practice example in a recent Cabinet Office report.

General comments – the objectives of the Green Paper

Gateshead Council welcomes a focus on increasing the role of civil society organisations in the delivery of services.

However, we consider that the following issues are of particular importance in designing a new approach:

1. Complexity
2. Accountability, governance and performance
3. Capacity

Complexity

An increasing focus on citizen involvement and citizen led commissioning through models such as personalisation potentially leads to a much more devolved and diffuse mechanism for delivery. This could lead to increasing complexity in a local area, and a lack of clarity over what is being commissioned and what outcomes are being delivered.

Accountability, governance and performance

Such a system has implications for accountability and governance. The role of the local authority as a strategic commissioner will become increasingly important, and the effectiveness of commissioning and contracting arrangements will be particularly important to ensure there is a high degree of accountability in the system.

Capacity

The ability of civil society organisations to take on a greater role in service delivery is highly dependent on the capacity of local organisations to deliver. Where capacity is not well developed, there remains a danger that larger national organisations will be in a better position to win contracts, and therefore that provision, far from becoming more locally determined and responsive, could become less focused on local needs.

Responses to consultation questions

New opportunities

The Council believes there is significant potential for a greater focus on outcomes in commissioning, and that payment by results potentially provides an effective mechanism for delivery, where the added value of civil society organisations can be rewarded by an outcomes focused commissioning process.

However, payment by results raises two main issues for civil society organisations:

- Forward funding – the extent to which smaller local organisations can effectively bankroll their delivery in advance of payment by results being made available.
- Capacity to deliver – smaller organisations may lack the capacity to compete for contracts and may therefore find themselves at a disadvantage in the development of new payment for results contracts.

We are particularly keen to work with Government on new approaches to early intervention and prevention where it might be possible to apply a social impact bond model.

Whilst we are supportive of the Government's intention to stimulate a diversity of provision across public services, we do not feel that Government should be prescriptive in setting targets / proportions for services to be provided independently. The development of a more diverse market should be managed locally by commissioners working actively with local infrastructure organisations to develop the market where appropriate.

The Council is concerned that 'right to challenge' and 'right to provide' may lead to continuous instability in delivery which could be counter-productive,

particularly where there are opportunities to award longer term contracts for maximum value for money. We believe that there is potential for new forms of delivery, but that these markets may take time to develop, and Government should not seek to specify and stimulate the market artificially.

We are also concerned that new models of employee cooperatives and mutuals may not be sustainable in the long term, once an initial contract arrangement has elapsed, and we are keen to explore how a sustainable –led mutuals to become self sufficient in the longer term funding model might be developed to support employee

More accessible

Gateshead Council has developed a range of initiatives and approaches to engage the local voluntary and community sector in the commissioning process, particularly around supporting civil society organisations to engage with the procurement and tender process. We would agree that an early understanding of the particular needs of the VCS in accessing and responding to specifications is important, and we have built this into our commissioning principles. A great deal of work has been undertaken across the North East to standardise procurement processes and forms, though we recognise that there is more to do.

We consider there is a need to be clear about the extent to which early involvement from civil society organisations in the commissioning process, and the potential implications of conflicts of interest in any resulting procurement process is a key issue, and we are exploring these issues in our work with the Commissioning Improvement Programme with LGID and IVAR.

Risk is an issue for smaller VCS organisations, especially when linked to payment by results. We would be keen to explore how co-design can address the balance of risks to support an enhanced role for the VCS in delivery.

Value

The Council considers that there is a need for consistency on the application of models such as Social Return on Investment, and that a simple, national framework should be developed which can provide a consistent means of assessing the additional value of delivery from civil society organisations.

This issue also applies to the Social Enterprise Bill – at this stage, how the social value element will be proscribed appears likely to be left relatively open. Whilst we recognise the need for local areas to develop their own approaches, this may result in potential legal challenges on consistency as the provisions in the Bill are implemented should it become law.

Citizen involvement

Gateshead Council welcomes the focus on citizen and community involvement in commissioning. Active and effective engagement lies at the heart of the Council's new Corporate Plan, and the Council has a long history of working in partnership with our communities.

Our experience of the local VCS (Gateshead Voluntary Organisations Council) providing the local LINK service in Gateshead is, we believe, an example of how local civil society organisations can play an affective role in delivering such consumer voice functions locally, and is a model we would seek to extend as the Local HealthWatch model develops.

Similarly, we have actively engaged local civil society organisations in the development of our Joint Strategic Needs Assessment, and how this is represented on our GENIE on line information system.

We are interested in models of community led commissioning and the extent to which these can be applied particularly in areas such as social care and in children's services. We are exploring such models in our work in neighbourhoods, including in Bensham and Saltwell and in Wrekenton where whole neighbourhood approaches to improvement are being developed, with a strong emphasis on joint working between sectors.

The key points we wish to highlight are:

1. The need for central Government not to be[prescriptive about the models of effective community engagement applied in local areas – these must be based on existing network and partnerships as much as possible;
2. That further capacity support and training, including the potential role and value of Local Integrated services models should be made available to local areas.