

**Response from Home to the Cabinet Office's Green Paper, Modernising Commissioning: *Increasing the role of charities, social enterprises, mutuals and cooperatives in public service delivery***

*Home*, an exempt charity, is a nationwide Registered Provider of social housing and personalised care and support services. Our mission is to add value to our customers' and clients' lives and to the communities in which they live. We provide choice and high quality, customer and client driven housing, care and support and neighbourhood services and products. We work with a broad customer base spanning rented, leasehold and shared ownership housing, and floating and specialist care and support services.

Our legal structure comprises of:

- Home Group Limited, a registered charitable housing association embracing most of the customer services business stream and all of the care & support business stream (Stonham).
- Home in Scotland Limited, a Scottish registered subsidiary undertaking *Home's* customer services in Scotland.
- Live Smart @ Home Limited: a subsidiary company limited by shares providing mid-market products.
- Home Group Developments Limited: a subsidiary company limited by shares which acts as a development vehicle for *Home*.

Through Home's Corporate Strategy *Opening Doors*, our mission is to add value to our customers' and clients' lives and to the communities in which they live. Our role is to provide choice and high-quality, customer and client driven housing, care and support and neighbourhood services. In so doing, we aim to fulfil our brand promise of putting customers and clients at the heart of everything we do, creating opportunities for individuals and families and building strong, healthy, sustainable communities.

Home welcomes the Cabinet Office's Green Paper and the opportunity it gives to influence the future of commissioning and public service reform.

## **1. NEW OPPORTUNITIES**

***Objective: To drive efficiency, effectiveness and innovation in public services by opening more public service areas to civil society organisations.***

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

The Government's commitment to increased competition and consumer choice as vehicles to drive new opportunities for the provision in public services includes the introduction of payment by results, setting a proportion of specific services to be delivered by independent providers and introducing new rights for communities to run services, own assets and form mutuals.

One implication of payment by results could be the unintended effect of firstly forcing smaller providers out the market and secondly, a return to heavy prime and sub-contractor relationships which could result in less money being spent on front line services and more on servicing contract management. One potential solution to combat any unintended consequences of payment by results on smaller organisations would be through cash flow loans from the Big Society Bank so that smaller civil society organisations have sufficient working capital. At the same time, the administration which could arise from a dual application (one for the service and one for financing) needs to be kept to a minimum. What is clear is that markets need to be effectively managed and regulated, particularly in relation to the delivery of public services to some of the most vulnerable within our communities.

In setting a proportion of specific services to be delivered by independent providers, there is a requirement for absolute transparency to ensure openness about how these are distributed. There is a case for opening out all public service areas, as long as no statutory duty exists for service users, to civil society organisations or, as a minimum, all secondary health provision for mental health, residential care, wards in the community, crisis provision, learning disabilities, substance misuse and re-enablement services.

The Localism Bill will help create further opportunities at a local level as well as allowing civil society organisations to challenge local authorities in situations where they believe they could run services more effectively. In situations where assets are being transferred. In conjunction with the right to provide, the right to challenge will also be a key driver in terms of how public services are shaped and improved although this could possibly allow private firms to challenge local authority decisions by offering to provide services more cheaply than voluntary groups effectively undercutting their bids.

The main barrier which would prevent civil society organisations taking over asset-based services are those which are particularly dependent on a continuing funding stream from service contracts. An example of this would be care homes, where a lack of commitment to on-going funding would in effect negate the value of the asset as well as the service itself. For smaller organisations, removal of contract finder fees for all not for profit civil society organisations regardless of size would also promote a more level playing field with regard to bidding for services.

The existing models for social asset ownership, such as community and charitable ownership could be expanded further to provide successful vehicles for taking on public services. These different types of ownership which co-exist in most communities have a range of capabilities which could be harnessed to respond to local circumstances in terms of service delivery requirements.

This would open up the use of existing building and land assets such as empty shops, closed facilities such as libraries and so on to enhance the delivery of a wide variety of facilities historically delivered by local authorities

but now in decline, for example child care, youth centres, community shops, advice centres and sports centres, all geared to meet community requirements at the local level. The scope for the positive impacts to be derived from this are clearly not only economic but social as well as, in some cases, environmental.

As long as it is appropriate to the service to be delivered, employee-owned co-operatives and mutuals, which have been set up via the new rights to provide fund, could team up with existing civil society organisations. Whether this is in the form of a joint venture model, this partnership working between civil society organisations and local communities should offer opportunities to open up and diversify new areas of public service delivery.

## **2. MORE ACCESSIBILITY**

***Objective: To address practical, regulatory, legislative and cultural barriers to market entry in existing markets, with a particular focus on barriers that affect civil society organisations.***

### ***a. How could Government make existing public service markets more accessible to civil society organisations?***

There are a number of practical issues facing civil society organisations, particularly smaller ones, which prevent them from taking advantage of the opportunities of bidding for service contracts. These include often lengthy and inflexible tender and legal complexities involved which focus the process on the provision of, in some cases, unnecessary policies and procedures rather than on the service itself and, more importantly, the envisaged outcomes of the proposed service. This situation is exacerbated by a lack of transparency in the decision making process.

At the same time, it could be argued that the commissioning environment should be constructed to recognise the benefits to be realised through awarding providers with longer and larger contracts. This would provide greater financial security for those organisations which in itself would allow those organisations to take greater risk and operate more creatively. Awarding longer term contracts would also help to ensure that the transactional costs of tendering are reduced which in turn would benefit the public purse. Regular performance checks and benchmarking will ensure on-going competition by providers.

In addition to greater transparency in the overall tendering process, streamlining the process will also remove unnecessary administrative overheads and allow a fairer distribution of tendering opportunities. Work to be undertaken by the Civil Society Red Tape Taskforce will assist further in this regard.

The question of TUPE is in Home's view a, if not the major barrier to competition and price reduction and an underlying reason for poor market response to opening up competition in public services. Full mandatory

disclosure of all Terms and Conditions, allowances and salaries must be made available at the point of tender publication so that they can be factored comprehensively into the costing process. The salary disparities and protected rights between those working for public sector organisations and their private sector or civil society organisation counterparts acts as a huge deterrent to the latter in terms of taking on public sector provision. At the very least, including real redundancy costs into the first year of a contract, as a start up cost, would go part way to alleviating this issue. Home welcomes the Government's intention to review the guidance for public sector procurement in relation to TUPE regulation to provide consistency.

Home has welcomed the establishing of a Big Society Bank to provide wholesale finance to intermediaries that lend to charities, social enterprises and community groups. The involvement of current social investment organisations will provide the most effective way to leverage the impact of the money available and therefore multiply the effect of the funds available. It will be particularly important that paying service providers by results does not lock out organisations without access to start-up capital out of the process. The real test of success will be to measure the impact on some of the most disadvantaged people in society and the Government will need to work with civil society organisations to ensure that vulnerable people are involved in the planning and delivery of services and get the vital support they need to live independently in their communities.

Home is in agreement with the proposed expansion of the Merlin Standard pilot. This will ensure that excellence in supply chain management is recognised. Equally, it will act as an incentive to the larger prime contractors to invest in the capacity and performance of their sub contractors and partners, including smaller specialist organisations who may otherwise feel excluded from the process. This will be of particular relevance to providers like Home who offer a range of specialist services for clients and customers, many aimed at more vulnerable individuals and groups.

### **3. VALUE**

***Objective: To enable commissioners to make strategic commissioning decisions on the basis of a full understanding of the social, environmental and economic impact.***

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

Home welcomes the aim outlined in the proposal for a shift away from commissioning based purely on economic factors to a more holistic assessment based also on the anticipated social and environmental impact of the services to be offered. Whilst value for money will continue to remain a cornerstone evaluation tool, the emphasis on the wider benefits for individuals and communities strikes a chord with Home's strategic and operational ethos. Equally important to Home is the involvement of customer and clients in the

overall process. This applies equally to services currently being delivered as well as informing the direction and scope of new services, how they will be implemented and monitored, with impact assessment a key decision making process. We would welcome the opportunity to be involved in devising the assessment tool.

Home is in support of the aims of the Government's national social enterprise strategy as outlined in The Public Services (Social Enterprise and Social Value) Bill. This will encourage engagement in social enterprise and make the concept of social value more relevant and important in relation to the placement of the provision of public services. Importantly, it will also include measures which require contracting authorities to consider all relevant social and environmental aspects in addition to those of economic value. The requirement for local authorities to include their sustainable community strategy proposals for promoting engagement with social enterprise in their area is also welcomed given Home's view that greater consideration to social and environmental well-being needs to be afforded during the pre-procurement stage.

#### **4. CITIZEN AND COMMUNITY INVOLVEMENT**

***Objective: To enable civil society organisations to support and facilitate the increased involvement of citizens and communities in commissioning.***

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

Home is fully committed to ensuring that customers and clients are involved in the decisions that are taken about how services are developed and would promote this approach to all providers. By doing, we will also be responding to the shift to place more emphasis on the role the individual has to play in shaping services at the community level they represent and putting customer and client centric services at the heart of an overarching service delivery strategy.

We see providers playing a facilitating role through brokering and supporting this involvement. Involvement by users can, in this respect, be seen as having two roles: firstly that of service user and secondly as service commissioner. Where customers and clients use a particular service, they have a vital role to play in feeding back their experiences as recipients of that service, for example, on quality, good, poor or non-performance. As part of their right to challenge, customers and clients may also have views on services which are not directly used by them but have a direct impact on them, for example, care services for an elderly relative or child care provision. In this respect, their role is to help prioritise, scope and refine services and as such can be seen as a commissioning role.

Also imperative for equity of access is to ensure that citizen and community involvement truly represents a wide and diverse range of users, which will, in some instances, be to express views of those who are unable to represent their own interests because of disability or mental incapacity. This could include those who are housebound or too frail to attend public meetings, client or customer forums, focus groups and so on. Equally, this could apply to those who are unable to communicate through written and/or spoken English. Developing a well-informed cohort of users will help drive up standards, embed personalisation and ensure that services are tailored to the communities they are aimed at. At the same time, improved communication and involvement will ensure that individuals, carers and communities are better equipped to make the right decisions regarding personal budgets and direct payments and overall make better use of the increased purchasing power this will bring.

As well as having clear mechanisms for monitoring and reporting on each of the delivery stages of a service contract, it will also be important to ensure that service users always receive feedback so that the process remains dynamic and iterative.

Greater flexibility for local authorities and providers to work across areas which extend beyond housing, for example, health and worklessness will also prove a vital enabler in the overall approach to services as well as how they are delivered. With the emphasis of the Local Integrated Services (LIS) on an organisation's ability to deliver a locally tailored service, Home believes itself to be at the forefront of these types of new initiatives and would welcome the opportunity for closer engagement and involvement as the debate on modernising commissioning moves forward.