



Modernising Commissioning Green Paper

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

A response from Gateshead Voluntary Organisations Council (GVOC)

General comments

GVOC 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 public sector bodies. GVOC have been working with Gateshead Council who have 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, including GVOC, 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.

GVOC welcomes a focus on increasing the role of civil society organisations in the delivery of services. However, 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 need.

In terms of the context you lay out on pages 5 – 8 GVOC feels that the inclusion of commercial cooperatives and mutuals in this paper is a mistake as they would be better fitted into Francis Maudes' review of commissioning for SME's. Charities and true social enterprises such as CIC's re-invest profits for social rather than commercial gain.

GVOC would also welcome a stronger commitment to the continuation of grant funding as this, in some instances, can still be the most effective way of funding civil society organisations in delivering high quality, local services in a cost effective manner.

New opportunities

GVOC agrees that outcome based commissioning and assessment of service is a positive initiative. 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. Very few groups carry large reserves and all current research into the state of the sector reveals many organisations are spending reserves to survive the public sector cuts.
- 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. To encourage a wider range of service delivery contracts need to be proportionate to the capacity of the sector to deliver. Large, multi-faceted contracts will probably be seen as too risky and complex for much of the sector.

GVOC, through its regional project Funding Information North East (FINE) is currently examining the social impact bond model on behalf of the funding advisors in the region.

We are concerned that new models of employee cooperatives and mutuals may not be sustainable in the long term, once an initial contract arrangement has elapsed. It is highly likely that some of these contracts will revert back to the statutory sector in the long run.

More accessible

GVOC endorses many of the proposals to make it easier for smaller organisations to tender. It is a matter of proportion and currently the tender processes are often disproportionate to the size of the contract and require an expertise currently missing in some parts of civil society.

GVOC's project FINE is currently operating a regional support and training programme for funding advisors and development officers so that they can develop more expertise in their localities.

Voluntary organisations struggle to build surplus into their bids as the financial scrutiny seems to have different criteria for our sector to those applied to the business

community. Currently, due to the funding cuts there is a huge emphasis on our overheads and administration.

The Big Society Bank is a good idea but GVOC would suggest the funds are allocated to the Community Foundations as an endowment the interest of which to be distributed to the civil society. This would fit with your localism strategy.

GVOC is currently working with local charities to set up a "commissioning exchange" to help broker consortium and partnership working in bidding for contracts. Without external support such as this, consortia will struggle to form and large scale national organisations will have an unfair advantage in bidding.

Following is a case study which acts as a good example of intelligent commissioning in Gateshead:

BACKGROUND:

Following the abolition of the Community Health Councils, GVOC was awarded the contract to develop the Patient and Public Involvement Forums (PPI's) for Gateshead and South Tyneside via the Commission for Patient and Public Involvement. The Commission selected the PPI forum members and GVOC administered and developed them. The boundaries were changed in 2006 and GVOC lost the contract.

However, GVOC had been aware for some time that the Commission was to be abolished and that a new system of patient and public involvement, LINKs, was to be introduced. GVOC was also aware that the funding for this would go directly to the local authority's central procurement function to avoid any potential conflicts of interest with social services. This was because social care service users would also be invited to join the LINK as well as health patients.

DEVELOPMENT:

GVOC realised that the Head of Procurement would not have dealt with such a "person centred" contract before and would be unaware of the history of PPI in the borough and GVOC's central role in developing this in recent years.

GVOC's Chief Executive contacted the Head of Procurement and asked for a meeting in mid 2007 before Government guidance was published but after general information about the proposed LINKs was made available.

GVOC explained the nature of the Government's proposed structure, explained GVOC's background to this and put the Head of Procurement in contact with the current holders of the Commission's PPI contract, North of Tyne Patient's Voice. She organised a second meeting with GVOC, Patient's Voice, current members of the PPI's and some of the Council's outreach officers who worked in the social care field. This meeting decided to call a large meeting/conference in late 2007 for all potential stakeholders in the LINK.

The meeting was very well attended and it began to examine what a LINK would be dealing with in Gateshead and what kind of membership it would require to be effective. Crucially, a service user and patient stakeholder group was formed to work with the Council on developing the tender for the LINK. By February 2008, the Council knew how much the Government had allocated Gateshead and over what period. A further public meeting took place without potential providers such as GVOC and Patient's Voice early in 2008 to finalise what a Gateshead LINK should be and how the tender was to be developed.

The tender quickly followed. GVOC along with others applied and was short-listed. This short-list was selected by the stakeholder group made up of council officers and service users and patients and the same group interviewed the short-listed organisations.

CONCLUSION:

GVOC was awarded the contract and Gateshead was almost the only borough in Britain to commence on time, the 1st April 2008. The contract was awarded for three years with a fourth year option.

The stakeholder group for the council became the first steering group of Gateshead LINK and the people who had attended the conferences became the first wider membership.

LESSONS:

- Gateshead Council's procurement section responded to GVOC's contention that the procurement needed to be more service user focused and set up appropriate mechanisms to ensure this happened. The net result is that Gateshead has one of the more productive and service user led LINKs in the country.
- Gateshead has moved towards monitoring the outcomes of the LINK's work. Monitoring has always been based on practical performance indicators agreed by the LINK and the Council.
- This contract is relatively large and long term, possibly 4 years. The actual tender was lengthy and complex to complete. This could be simplified.
- All the known competitors were included in the initial dialogue.

Value

Statutory authorities are often at a disadvantage when reviewing the value of voluntary sector and charitable work as they have little understanding of the sector and the way it operates. Consequently the criteria applied are often inappropriate.

Citizen involvement

GVOC welcomes the focus on citizen and community involvement in commissioning. The LINK case study above highlights how effective this can be in good quality

commissioning and outcomes. We are expecting to continue next year developing the LINK into Local Healthwatch using the well developed service user and patient involvement processes developed over the three years of the LINK.

In Gateshead we have been involved in contributing to the JSNA both as GVOC and as the host of Gateshead LINK. Many, of the charities and their service users have received training in how to use the JSNA and we are currently commenting on the JSNA's most recent commissioning proposals. This can only happen when the local authority commits itself and its staff to ongoing involvement.

GVOC's project, Gateshead Advocacy Information Network (GAIN), is currently contracted by the Department of Health to research into personalisation and advocacy. GAIN is working with all the independent advocacy projects providing a service in the borough and has developed a "hub and spoke" commissioning model for this.

GVOC also runs a payroll scheme for people receiving direct payments and personal budgets who employ personal assistants.

Finally

Without external support from infrastructure organisations such as GVOC we feel many of the excellent proposals in this green paper will remain unsupported and will be undeliverable from the centre. GVOC would welcome a dialogue with Government on the role of infrastructure in delivering many of the Governments' outcomes.

Gev Pringle
Chief Executive
GVOC

www.gvoc.org.uk

