

# Policy Response



## **Modernising Commissioning: Increasing the role of charities, social enterprises, mutuals and cooperatives in public service delivery**

*A response from WCVA*

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# Wales Council for Voluntary Action

## **A response to the Modernising Commissioning Green Paper**

### **Introduction to WCVA**

Wales Council for Voluntary Action (WCVA) represents the interests of voluntary organisations, community groups and volunteers in Wales. It has over 2,400 organisations in direct membership and is in contact with many more through national and regional networks.

WCVA's mission is to make Wales a better place by championing the voluntary, community and citizen action at the heart of Wales' third sector, in order to increase economic, social and environmental participation, inclusion, equality, wellbeing and sustainable activity.

We welcome the opportunity to respond to the Modernising Commissioning Green Paper. As an umbrella organisation based and operating in Wales, we recognise that only certain policy areas in the Green Paper are relevant to us and our members. As such, we have responded only to those questions that we believe are particularly pertinent to Welsh civil society organisations.

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

#### **1. What are the implications of payment by results for civil society organisations?**

Although civil society organisations can demonstrate innovative approaches to service delivery, and some will have a degree of familiarity with the different systems of demonstrating outcomes, they often do not have the working capital necessary to finance a service that is paid only on achievement of certain results. Levels of free reserves may be too low, and accessing finance on suitable terms can be very difficult. One way to support this would be the development of a loan fund, to offer tailored and flexible loans to civil society organisations for financing a service delivery contract (see 'Big Society Bank' below).

#### **2. Which public services areas could be opened up to more civil society providers? What are the barriers to more civil society organisations being involved?**

One issue is of the public sector recognising other areas that could be usefully funded, for example early intervention projects delivered by civil society organisations that lead to cost savings for the public sector through preventative measures.

#### **3. What other methods could the Government consider in order to create more opportunities for civil society organisations to deliver public services?**

**Co-design, co-delivery.** Future public services could be developed which create greater resource and which deploy, not just public sector staff and budgets, but also users, families, neighbours, local civil society organisations and the wider community in a 'total

service' which goes beyond traditional service provision and releases new resources, skills and energies. This would mean commissioned services and self-organised support complementing each other rather than operating in isolation. This would require a new equation that measures the total value of a service and benefits for the citizen (taking account of all resources deployed: employed staff time, user input, volunteer time, community support groups) against the public sector investment. This way public funding could be used in ways that levers in additional resources to achieve better value for citizens. This could mean a new approach based on co-design and co-delivery of public services, where activities and services are designed and delivered by a wide range of actors - bringing together the independent third sector and the public sector with the citizen and the community at the centre. It means investing in community capacity and initiative in order to provide mutual support complements, and reduces demand on, other services. This approach can involve:

- Citizen-directed support
- Service user led services
- Community led services
- Mixed volunteer and staff services
- Integrated services

**Grants.** More local authorities are moving from grant funding to competitive tendering, with - in some cases - little justification or without adequate communication. Although there are clearly good reasons for competitive tendering in some cases, there are many benefits to grant funding organisations which have been well documented, such as supporting new or small organisations; enabling innovative responses to projects; building strong trusting relationships within localities that aren't based on a formal contractual agreement.

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

### **4. What issues should commissioners take into account in order to increase civil society organisations involvement in existing public service markets?**

Competitive tendering for public service contracts continues to create obstacles for civil society organisations to participate, including:

- short timescales to participate
- lack of finance / working capital
- qualification requirement for an extensive amount of relevant experience
- high levels of insurance cover needed
- high levels of risk involved, particularly when working collaboratively
- lack of standardisation of procurement processes
- lack of knowledge of different tendering procedures

Although many of the above issues have been recognised, and there are local, regional and national measures underway to address many of them, practice is often lagging behind policy.

Also, the scale of some contracts (e.g. cross-boundary) are too large for smaller civil society organisations. Although the small size of most civil society organisations may be problematic in terms of commissioning and procurement, it may be precisely what citizens need in terms of personal, local, flexible and participatory service delivery.

**5. 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?**

Moves to standardise procurement processes are to be welcomed (e.g. Value Wales' work), but too much standardisation could lead to disproportionate requirements in certain contracts.

If the move towards e-procurement increases, support will be needed by those organisations without the necessary technical expertise to compete effectively.

**6. What issues should the Civil Society Red Tape Taskforce consider in order to reduce the bureaucratic burden of commissioning?**

There is a need for greater transparency in how tenders are evaluated and the feedback process.

**7. 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?**

While many civil society organisations lack the working capital necessary to finance service delivery up front, many can lever in considerable additional resources, either through access to other sources of funding, or through 'in-kind' contributions, such as volunteers' time or through links with networks of support, centred on the individual's needs. Procedures could require providers to express the ways in which they would involve service users and draw in additional support.

**8. 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?**

Loans can offer opportunities for civil society organisations to access the finance necessary to embark on an earning initiative (e.g. contracting or trading), but often the terms of loans are unsuitable for organisations or they don't have adequate security.

The Big Society Bank could offer a tailored package of loans and appropriate support to develop the capacity and finance of civil society organisations who are tendering for public service contracts.

Flexible loans could be offered, and might be used to cover:

- Financing upfront if a contract is paid in arrears or by results
- Short-term cashflow requirements
- Legal costs or financial expertise
- Bidding staff costs or backfill

**9. What issues affecting civil society organisations should be considered in relation to the extension of the Merlin Standard across central government?**

In addition to what the prime contractor is committing to in its relationship with sub-contractors, it should be made very clear to sub-contractors exactly what is expected of

them in return (e.g. reporting), and what support is available to them (e.g. capacity building support), *before* they commit to a contractual relationship with a prime contractor.

**10. What barriers prevent civil society organisations from forming and operating in consortia? How could they be removed?**

It can take a significant amount of time when forming a consortium to develop a credible service delivery model *and* to develop good working relationships between the organisations involved - this time isn't often available in competitive tendering situations. There is therefore also a need for considerable investment of resources in developing the structure of the consortium, governance arrangements, and joint working agreements. Lack of experience in the development of consortia, and the need for professional advice (e.g. legal, financial), can also be a barrier.

It is also important to stress that there should be opportunities for civil society organisations to state why they might choose *not* to work in consortia. Consortium working is sometimes encouraged too assiduously, without full consideration of the implications for all involved. Civil society organisations need support and guidance to help them make informed decisions about *whether* to work in a consortium.

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

**11. What approaches would best support commissioning decisions that consider full social, environmental and economic value?**

**Whole system commissioning** - Innovative partnerships can be developed between commissioners, service users and providers that focus on mutuality and co-production in service design, bringing service users greater control and choice. This would help achieve strategic coherence between service level outcomes and wider social, economic and environmental sustainability.

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

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

The Welsh Assembly Government is supporting Participation Cymru (a partnership of public and third sector organisations hosted by WCVA) to extend its work with public services, and to provide a central information and advice resource for those responsible for public engagement. The strength of partnership working in engagement work pays dividends. The overall view from service users and the public in general is that they do not want to increase the amount that they are consulted, but rather improve the experience of the engagement itself.

Please see [www.participationcymru.org.uk](http://www.participationcymru.org.uk)

**13. What forms of support will best enable statutory partners and civil society organisations to improve their working relationships?**

Opportunities for more dialogue between the two sectors on equal terms.

**14. What issues should the government consider in the development of the future programme of training public service commissioners?**

Our experience has shown that there are still profound misunderstandings between public service commissioners and civil society providers. Events could be run as part of the training programme that encourage open and honest dialogue between the two sectors, in order to build greater understanding.

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