

The Unit for Social Enterprise (USE Knowsley) represents and supports existing and potential social enterprise organisations in the borough. Knowsley is a metropolitan borough of Merseyside. The unit employs one fulltime member of staff and is governed by a steering group consisting of: Knowsley Chamber of Commerce, Knowsley Housing Trust (the primary Housing Association in the area), Knowsley Community and Voluntary Services, Liverpool John Moores University's Business School, Knowsley Council and several social enterprises based in the borough. This mix of key stakeholders is an innovative mix to ensure best practice, knowledge transfer, skills development, growth and sustainability. USE Knowsley would like to offer the following comments on the questions posed in the Modernising Commissioning Green Paper.

1. In which public service areas could government create new opportunities for civil society organisations to deliver?

New opportunities could be created in the provision of all/any blue collar and white collar services in national, regional and local public and semi-public sector organisations. These services could be delivered more effectively through a local approach to allow for regional variances in need. Additionally, there is opportunity to privatise many of the current local government services provided e.g. elderly care, road cleansing, gritting, after hours clubs in schools, bringing back youth clubs with sports/social remit, school meal provision, libraries.

USE Knowsley have identified local barriers to extending these opportunities to civil society providers. These barriers centre on scale, grant dependency and lack of relevant business skills. A potential solution to these barriers is the opportunities for joint ventures at local levels between social enterprises and corporate organisations (e.g. linking libraries with Waterstones or HMV for example). These joint ventures may facilitate the growth, infrastructure and skills required and bring internal investment and jobs in deprived communities. Other knowledge transfer opportunities are required.

The focus for civic organisations tends to be towards public services and thus these become dependent on government spending as revenue streams. However, Knowsley has a number of very successful social enterprises that are product-based and/or consumer orientated, for example Collage Marketing, Acorn Farm and the Veggie Van. These have all been community-led, increased local employment and have showed commercial sustainability, largely owing to the ability to develop a number of revenue streams. For a diverse and sustainable Big Society there is a requirement for equal support and funding for non public service social enterprises. Developing the civic society in consumer industries challenges corporate organisations' social responsibility through driving innovation and competition.

Payment by results schemes raise issues over cash-flow; thus these schemes are likely to exclude small-scale and new start-up civic organisations as there is a requirement for other secure revenue schemes. Similarly, as the third-party investor bears all the risk of services being potentially ineffective these funders may deem the risk of micro community organisations as too high, opting instead for larger franchised-based social enterprise. The issue here is that the ethos of community-led solutions may be diluted if quasi-corporate social enterprises are rolled out as opposed to bottom-up community-led growth. Payment by results schemes also raises issues of measuring success in terms of accurate data available, the timeframes for analysis, and equity of bargaining power.

2. How could government make existing public service markets more accessible to civil society organisations?

Procurement professionals require more active involvement in developing the commercial and legal aspects of contract notices; currently, much of the emphasis is developed in user-departments with an over emphasis on technical provision; whilst this is critical, the commercial detail is also essential to ensure that these are accessible to civil society organisations. Our key recommendations:

- Require all public sector organisations to have set criteria to assess the viability of organisations so that smaller social enterprises are not excluded unreasonably. Consistency in these standards, if not nationally but regionally across public sector procurement would reduce public sector costs through standardisation and increase accessibility.
- Standardise PQQ (Pre-Qualification Questionnaires) and hold centrally with amendments submitted only if there are changes. This prevents cost and increases efficiency for all parties. USE Knowsley have identified this as a major barrier for social enterprises (and SMEs) to tender for public sector works. Cumbria County Council have successfully implemented this standardisation across various public sector organisations and have seen increases in engagement with SMEs and third sector organisations.
- Ensure contract sizes are set at levels that maximise competition rather than being too restrictive excluding smaller organisations. Similarly, ensure contract lengths are long enough to allow set up costs to be recovered to concentrate on delivery with a degree of security.
- Require all government contracts to have a % of social enterprises involved in the contract e.g. The Apprentice scheme for Balfour Beatty requires all subcontractors to have an apprentice – if they do not, BB will provide one. Research however suggests that there are issues about how this is implemented as it can compromise long-term sustainability and job/skills development through creating perverse short-term incentives. It is therefore imperative that public sector buyers are professionally qualified and trained and there are effective knowledge transfer mechanisms from independent research on public sector procurement.
- Encourage joint venture bids from social enterprise that may not be able to fulfil the contract on their own. Collaborative working would give scale, capacity to deliver and ensure competitiveness. Consortia are considered a method to increase accessibility. There is a need for brokers and hubs to coordinate these opportunities at a local/national levels. Funding to support these hubs would enable the scalability of these consortia and provide efficiencies to all parties.
- Ensure that payment terms are strictly adhered to and that other contract terms are not too onerous where there is minimal risk (e.g insurance levels etc). These are often standard terms in public sector contracts, yet the individual contracts do not necessitate these in all instances.

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

Current research shows the Triple Bottom Line (TBL) of social, environmental and economic sustainability and value to be a difficult concept to implement successfully in commissioning and procurement. Meehan & Bryde's (2010, DOI: 10.1002/bse.678) research on full social environmental and economic value provides evidence in local social housing supply chains of the emphasis on policy formulation rather than execution. Thus, public sector organisations can demonstrate activity in this area yet actual change and engagement with

the third sector is at best minimal. The sheer volume of government indicators is overwhelming for most organisations (procurers and suppliers) and it is difficult to pinpoint impact. The research also suggests that the lack of development indicates that suppliers' compliance is being mandated through tendering and contract criteria, as opposed to the promotion of the sharing of the underpinning values. This lack of engagement with suppliers is a potential barrier to driving forward the sustainability agenda and poses a genuine risk to change. It is critical that assessments are used to lead the agenda rather than police it to deliver social, environmental and economic value. Commissioners need commercial and procurement experience to ensure that this does not become a box-ticking exercise. The information needs to be actioned to embrace change, innovation and social value as opposed to just being recorded.

Specific suggestions are:

- Increase the level of employee-ownership in proposals to deliver services
- Measure and target the impact on the local economy of decisions to procure inside/outside of areas where services are delivered. This should include multiplier metrics (e.g. LM3) and should also consider extended supply chains.
- Measure key impact criteria including; the numbers of jobs saved/protected and the impact on the public purse (reduced benefit payments etc), number of jobs created in the local economy, length of time those employed have been out of work and now working and carbon footprint evaluation.
- Include the full TBL assessment criteria in contract notices and proposals ensuring these are integrated and linked to performance targets. Transparent weighting published prior to selection decisions.
- Competency assessments in terms of skills acquired and standards attained
- Ensure that all organisations either have or are working towards achieving credible environmental standards. These must be managed and where appropriate targets set for improvements and integration into the supply chain.
- Percentage of local people employed must be at an agreed level. This may reduce organisations setting up virtual offices in key postcodes to hit 'local supply' targets yet not contributing to local employment.

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

- Ensure consultation with community groups on major procurement decisions in advance on standards and price parameters and where variations may be possible to improve overall value.
- Community Representatives could be included in the assessment process of bids to ensure quality and fit to standards. This is particularly important for local services.
- Ensure local arrangements to engage with communities are extended to include major procurement decisions.
- Ensure the results of procurement decisions are publicised to the wider community
- Ensure that commissioners have an effective communication strategy and that this is implemented. As part of the strategy they should have an analysis of the communication

channels they use. Diversity issues need to be considered to ensure no disenfranchisement through lack of computer access.