

## RESPONSE TO “MODERNISING COMMISSIONING” GREEN PAPER

### Background

1. The Social Investment Business is the UK's fastest growing social investor, managing funds worth just under £400 million in over 1100 investments in civil society organisations, including community groups, charities and social enterprises. Using a combination of loans, grants and business support, we invest in viable, non bankable projects, to help transform civil society organisations: strengthening them; investing in excellence; and bringing to scale the most innovative ideas. Using our experience and scale we help organisations of all sizes flourish and realise their considerable potential for public service delivery in a wide range of areas, such as those that are key to reducing reoffending. Addressing barriers in the commissioning and procurement process is paramount to achieve this goal.
2. With our assistance, smaller organisations are strengthened and supported in their vital local delivery and neighbourhood focus – delivering stronger communities, increasing the diversity of public services provision, and often delivering more for less. We are doing this for a wide range of organisations – from small local community and neighbourhood organisations and cooperatives to social enterprises and national charities – and we share our learning. Through this same work we have also seen the potential of sector-led consortia in harnessing the expertise of civil society organisations for public service delivery. This led us to help establish Third Sector Consortia (3SC), which within weeks of inception won one of the largest Department for Work and Pensions' Future Jobs Fund contracts.
3. We have been developing our approach to social investment over the last eight years: first through our parent charity, the Adventure Capital Fund (ACF), and more recently through The Social Investment Business. Both have been the subject of very positive independent evaluations. Sheffield Hallam University found that Futurebuilders investments (managed by ACF) “*led to demonstrable public sector cost savings and evidence of the benefits of thirds sector delivery*”. Of six case studies, investment related activity for five of these was found to result in net savings to the public purse of between £600 thousand and £5 million after 10 years. With the appropriate finance, governance and organisation, civil society organisations can make an invaluable contribution to public service delivery. This is particularly the case where service users are 'hard to reach' with multiple and complex needs.
4. It is on the basis of this track record that we offer our comments on the recently launched Commissioning Green Paper.

### Summary

5. We welcome Government plans to publish a White Paper on Modernising Commissioning in the new year, and its wish to consult with a range of stakeholders in advance of that, based on proposals outlined in the Green Paper published on Monday 6 December.
6. In addition to the points covered below, we would like to underline the importance of recognising and addressing issues around the decommissioning of services. While such decommissioning will inevitably provide opportunities for some, there is a need for clarity about the impact decommissioning will have on others, and the working relationships between commissioning bodies procuring services previously managed in-house.
7. It is essential that consideration be given to the needs of community groups, charities, voluntary groups, social enterprises and other SMEs, particularly the financial needs, and specifically the need for reserves and bridging capital to support some of the new delivery models being considered for public services, such as payment by results.

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Below we have outlined our comments about the four main areas in the Green Paper:

## QUESTION 1:

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

8. Clearly there is work to be done on appropriate risk transference and there will be some activities which are not suitable for commercially-focused organisations but our experience in managing the Futurebuilders England Fund on behalf of the Office for Civil Society, as well as the Social Enterprise Investment Fund, managed on behalf of the Department of Health, and the Communitybuilders Fund, for the Department for Communities and Local Government, is that if organisations have the finance, support and capacity to grow and adapt, they are more than capable of delivering public services effectively, efficiently and sustainably.
9. There is an outstanding question about the messaging from Government regarding the increased involvement of civil society organisations in delivery of public service, and a need for civil society organisations to generate revenue streams distinct from the public sector. Further clarity is sought on this point.

## **What are the implications of payment by results for CSOs?**

10. Development finance is an essential element to aid the transition from current models of service delivery to new services and methods. Further information on how this will be managed and whether this might be contracted to other organisations to manage on behalf of Government would be welcomed in the White Paper. In our experience working with Social Finance (who have trialled the Peterborough Prison Social Impact Bond) and other innovative organisations, there are limited sources of finance for those wishing to test and develop new models of service delivery.
11. Although civil society organisations often lack the financial capacity to receive payments in arrears (we know that many charities and social enterprises do not have the reserves needed to finance upfront delivery and outcomes based contracts), there is great potential for the sector to benefit and grow from the new contracting opportunities coming forth if they are given adequate finance and support.

## **Which public services areas could be opened up to more civil society providers?**

12. There is scope for civil society organisations of various sizes and experience to be involved in parts of all public service delivery. Rather than viewing civil society organisations as fringe or "additional" deliverers, there needs to be a recognition of the work currently carried out by the sector, and an acknowledgement that there needs to be increased civil society organisation provision of public services in high demand/ growth/ cost areas such as elderly care, children's services, and long term social care. Recognition of social value as well as commercial value is essential if the Government wishes to develop a more open market in public service delivery.
13. Looking at the £20.7bn local authority expenditure on social care in 2007/08 (cf ACEVO 2009 Almanac): £15.3bn was for adult social care, and the social care workforce in the voluntary sector grew from 19% in 1996/97 (202,000 people) to 26% in 2007/08 (374,000). For voluntary organisations operating within social care, the funding mix on average is 50% from statutory sources and 50% from other. This shows that national civil society organisations and federations are already an essential element of public service delivery in both the coordination and the delivery.

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14. Other areas which could be opened up for civil society organisation provision include:
  - Health and social care (adult social care, looked after children, children and family care, disabilities, home care, adults and older people)
  - Economic development and regeneration (employment initiatives, education and learning, youth support, parental support, libraries)
  - Leisure and culture (museums, galleries and libraries, parks and open spaces, arts and entertainments, sports clubs and centres, tourism)
  - Schools (free schools and academies)
  - Social housing
  - Community centres
  - Transport
  - Community safety

## **What are the barriers to more CSOs being involved?**

15. The Social Investment Business believes that Government needs to embed the new approach to working with the civil society sector, treating civil society organisations and small local organisations as providers in their own right, rather than acting as secondary providers at the margins to complement and provide "additionality" for private companies engaged in public service provision.
16. Lack of early and effective consultation on the design and delivery of services at the earliest stages leads to poorly packaged procurements where services are not based on the needs and preferences of users. Organisations such as Sheffield Well Being Consortium, a group of civil society organisations working in the health and social care sector, have been very effective at engaging with commissioners at the earliest stages of the commissioning process and provide a good example of effective engagement in service design, achieved thanks to an investment from the Department of Health's Social Enterprise Investment Fund.
17. Commissioners often favour large service providers, excluding small, local specialist providers and the added value they bring in favour of perceived efficiency and value for money judged on cost alone. We maintain that whilst sector organisations can compete on cost, they bring other valuable elements to the provision of public services and this "social value" should be considered during any tender process. In 2009 The Social Investment Business helped launch 'Third Sector Consortia' (3SC) to create a powerful delivery agent which enables charities, community groups and social enterprises of all sizes to come together to bid for and win large public sector contracts, while drawing on the particular local or sector expertise of individual organisations. In this model a management company bids for and wins the contracts on behalf of charities and social enterprises who then deliver the contract at a local, regional and national level. Not only does this draw in a far broader range of suppliers, but in competing directly with the private sector it ensures a competitive price. Importantly it also allows any profits to be used to build the sustainability of the contributing charities and social enterprises.
18. For those organisations who explicitly service minority, hard to reach users and communities, there is less scope for economies of scale and it is therefore more expensive to provide services to these groups.
19. In general terms, civil society organisations can struggle to have their respective strengths and skills recognised by commissioners. Conversely, they can also struggle to identify contract opportunities and who to approach to become a supplier as they often lack the necessary knowledge and experience of government procedures.

20. Finally, complex and costly pre-qualification and tendering procedures with unrealistic timescales, prescriptive specifications and excessive contract terms can deter applications from civil society organisations and those that do apply have reported that procurers can be unwilling to accept full cost recovery, including management charges, in tender prices. Currently, tendering favours large companies with the resources to bid, and the cash to fund outcome based contracts. If we are to move to a situation in which civil society organisations, which on the whole are far smaller, contribute more to public service delivery, a commission system will need to be established that helps smaller and mid size organisations as opposed to one that unwittingly works against them. At its heart, more modern commissioning means commissioning from smaller organisations with different motives – the commissioning environment needs to be changed to suit them.

**Should Government explore extending the right to challenge to other local state-run services? If so, which areas and what benefits could CSOs bring to these public service areas?**

21. We welcome the introduction of the "Right to Challenge" in the Green Paper, but would suggest that there is also a need for a "Right to Propose" for services which community groups feel could be better or differently provided outside public sector bodies. There is also a need for organisations to learn in "communities of interest" from those who have already embarked on such community- or staff- led ventures, and for the encouragement of knowledge transfer.

**Are there types of assets whose viability, when transferred to civil society management or ownership, would be particularly dependent on a continuing income stream from service contracts or public sector tenancies?**

22. Similarly, we welcome the increasing focus on community asset management and the recognition that community services provided on the ground increase engagement and improve the quality of local services, whilst reducing the costs borne by public authorities managing dis-or underused facilities. Further work is needed around the principles and practicalities of asset management and usage for staff and community led mutuals and cooperatives.

**What are the main barriers that prevent civil society organisations taking over asset-based services?**

23. Barriers to the involvement of civil society organisations in some delivery areas include lack of information about exactly what activities and services are being commissioned, rushed procurement processes and the absence of reserves (at the civil society organisations end) and bridging capital or up front payment (from the procurer) – specifically when dealing with newer "payment by results" delivery models.
24. Hand in hand with the finance is the management of risk – a key point for many Trustees when confronted with the prospect of an asset to manage and a plethora of services to deliver. In our experience, many organisations need assistance on the structure and process of managing assets previously owned by local authorities, primary care trusts or other state bodies. Much work has been done on transfer of facilities and assets to community and neighbourhood groups. We have considerable experience of this through our parent charity Adventure Capital Fund and through the DCLG Communitybuilders programme which we manage.
25. While asset transfer works for some charities, social enterprises and neighbourhood groups, the challenge of taking over and running facilities and assets is not appropriate or feasible for all organisations. Through the Communitybuilders Fund, managed on behalf of the Department for Communities and Local Government, we have helped hundreds of organisations determine whether community asset management, whether through an asset

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purchase or an asset transfer, is for them, recognising that transferring an asset from public sector management to civil society management is not always easy.

## **How can we encourage more existing CSOs to team up with new employee-led mutuals?**

26. Both civil society organisations and new employee-led mutuals need to be encouraged to participate in the planning of public services and setting of priorities. This needs to be considered in the wider context of strategic commissioning. Consortia models will encourage them to team up and collaborate more effectively.

## **What other methods could the Government consider in order to create more opportunities for CSOs to deliver public services?**

27. Government should provide specialist training and support to local public sector staff to help them to better commission and procure new and innovative services from the civil society sector - developing new organisational and financial models that will help CSOs to deliver national and local contracts.
28. We propose extending the consortia/ 3SC model referred to above (para 17) to local areas, enabling local, regional and national players to supply far more services to local authorities and other local commissioners, while keeping to a minimum the costs to local commissioners of dealing with multiple charities and social enterprises. By contract managing charity and social enterprise delivery through a management company, we can reduce authorities' procurement and contract management costs and free them to create more effective strategic commissioning. We believe that this facilitator and intermediary role is crucial as it can bring in the external financing required to deliver outcome based contracts and it organises delivery from charities and social enterprises to drive performance and reduce costs. It would provide a framework within which organisations of all sizes, including smaller charities, cooperatives and social enterprises, could flourish. 3SC is already proving to be a very powerful way of harnessing and organising delivery from charities and social enterprises.
29. Consortia working such as 3SC enables civil society organisations to respond to new opportunities by separating the service management (the contracts and finance) from the service delivery. While the managing broker also needs to coordinate the formation of supply chains for the sector, starting at the local level and filling gaps within regional and national provision, they would work through lead delivery organisations with sufficient capacity and capability to build supply chains. The managing agent would then quality assure and performance manage the delivery of the contract, act as the accountable body to the commissioner and source funding from the market. The market is more likely to respond to this model given the ability of the managing agent to quickly intervene where any part of the supply chain begins to fail. With this model created, most public service providers, particularly in health, social care and education, could be made available to civil society organisations.
30. The groundbreaking 3SC model, which operates similarly, resulted in a group of numerous differently sized and purposed civil society organisation being commissioned for the provision of the second largest Future Jobs Fund contract last year. So successful was their delivery that they were awarded further work on the strength of this.



## QUESTION 2:

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

**What issues should commissioners take into account in order to increase CSOs involvement in existing public service markets?**

31. Currently, there are issues of knowledge, finance, ability, scale and accessibility preventing and limiting civil society organisations involvement in public service markets. Specific changes that would make existing public services markets more accessible to civil society organisations are outlined below.
32. The Social Investment Business recently brought together civil society organisations from across the UK who have benefitted from social investment to share ideas and network at an informal gathering in central London. Community leaders and entrepreneurs met similar organisations, shared experiences and discussed a wide range of subjects including public service delivery and commissioning of services, accessing capital and partnership working. They concluded that while funding is a critical issue for the sector, successful civil society organisations need more than just money.
33. Service designers and commissioners can improve access to existing public service markets by:
  - consulting with civil society organisations prior to tenders being issued to ensure that the commissioning process reflects the value of all activities and is not solely based on lowest cost or use of standard language/ terminology
  - providing impartial guidance to local civil society organisations and other potential providers on expectations for tenders received
  - adopting consistent/ transparent commissioning, procurement and contracting regimes across public sector bodies to make it easier for organisations (particularly small ones without a track record of commercial activity) to understand what is required and by when
  - not rushing any stage of the consultation process if they truly want citizen and community engagement through civil society organisations – recognising that this can take time as part of the improved commissioning/ designer process
  - gaining a better understanding of what civil society organisations can do and assess potential provider's tenders for social value as well as cost

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

34. Issues around supply chain management are not limited to civil society organisations, but some charities and social enterprises are currently undergoing a transition from sub to prime contractors and will need guidance on how to manage both the practicalities, and altered relationships with commissioners. Similarly, those working in consortia for the first time would benefit from guidance for both themselves and for commissioners about appropriate ways of working.
35. The present approach to tendering employed by Departments such as DWP, CLG and MoJ places too great an emphasis on past track record and experience, and does not enable new entrants to the market from other sectors. Nor do their processes encourage the managing agent delivery model outlined in response to the previous question.
36. Much greater use is needed of competitive dialogue to allow civil society organisations to ensure that commissioners are made aware of the USPs of individual sector organisations and to allow commissioners to adapt their future tendering strategies and processes on a more informed basis. A good example of this is the work we have done in successfully

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supporting the development of civil society organisation- / parent- led schools. Without appropriate support it can take parents many years to organise themselves and get their school off the ground. With appropriate support there is healthy interest from a number of groups to create similar facilities. We already have experience of providing this support in the UK, having helped in the creation of a number of parent led schools e.g. Treehouse, a charitable school for autistic children in north London. Working with the schools we have helped create, who could draw on their real experience of overcoming the challenges they faced, we could quickly and dramatically increase the speed at which other schools are developed.

## **How can commissioners achieve a fair balance of risk which would enable CSOs to compete for opportunities?**

37. More civil society organisations would be willing and able to provide public services if commissioners engaged with investors to develop new funding models that enable the risks to be shared between investors and commissioners. Also, guidance on risk identification and management would improve the ability of civil society organisations to manage scaled service delivery.

## **What are the key issues CSOs face when dealing with TUPE regulations and what could government do, within existing legislation, to resolve these problems?**

38. The issues surrounding staff transfer and TUPE are not civil society organisations specific, and guidance on prior management of these issues (including how to identify the scale and associated cost of managing this so that civil society organisations can factor this into any proposal submitted to public sector bodies) would be welcomed in the White Paper.

## **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?**

39. In addition to commercial experience, assessment panels considering tenders would also benefit hugely from having at least one member with experience in or of civil society organisations.
40. Local experience and delivery should be recognised and valued as criteria in the selection process.
41. Government and policy makers can improve access to existing public service markets by:
  - improving guidance/ training for commissioners' and procurement officers' on state aid and EU exceptions
  - working with civil society organisations to continue to address markets which are less capable/ competent at working with sector organisations
  - considering the benefits of limited liability contracting and advising procurement and commissioning officers on risk transference and management
  - bringing together commissioners and providers to agree evidence collection and metrics for new delivery and funding mechanisms, such as payment by results models and long term projects involving social impact bonds
  - recognising that small organisations may need up front assistance in the absence of reserves in order to deliver projects on a payment by results basis, and considering this when developing projects such as the Big Society Bank, the Transition Fund or similar
  - signposting inexperienced civil society organisations to guidance on bid-writing and other skills necessary to compete commercially

**What issues should Government consider in the development of the Big Society Bank, in order to enable CSOs to take advantage of public service market opportunities?**

42. Recognising the importance of finance in making it easier for civil society organisations to access public services markets, The Social Investment Business welcomes the plan to create a financial resource to support charities and social enterprises and to help them to develop, grow and deliver. Our experience shows that there is greater demand than finance than can be met with present resource. Whilst some of this demand is unsuitable (from organisations able to access mainstream finance or who are not yet ready to develop the projects that they are seeking finance for) there are organisations who are unable to secure finance from mainstream or specialist lenders due to a scarcity of available capital.
43. For over eight years the Social Investment Business and parent charity the Adventure Capital Fund have been investigating and developing innovative ways of supporting civil society organisations financially without increasing the burden on the public purse. In addition to our blend of grants, loans and business support, we have invested in the social impact bond pilot, providing funding to the Social Finance initiative in Peterborough Prison, and are investigating other areas that social impact bonds might roll this out on a national basis.
44. In addition to social impact bonds, we are investigating and investing in ideas that will create new markets and products and transform supply. We have begun to do this through the social stock exchange, equity products and quasi equity products, but there is much more we could do. This is not just about new financial products, but about developing and supporting market changing ideas.

**What barriers prevent CSOs from forming and operating in consortia? How could they be removed?**

45. CSOs face challenges in working in partnership due to conflicting interests and a culture of internal competition. There is often duplication in the delivery of local services. Many lack leadership and management capacity to collaborate for the delivery of larger local contracts. By helping civil society organisations network and share intelligence as well as prosper through better access to finance, support and long term strategic thinking we are working to ensure that being a leader of a civil society organisation isn't such a 'lonesome task'.
46. The lack of financial viability and working capital can also restrict the scope of CSO engagement in consortia, as can lack of expertise in forming such working relationships. The provision of finance (in the form of loans) to support the development of consortia and supporting national programmes that provide support and expertise in consortia formation and development, accompanied by peer support and expert guidance, would give more organisations the resource, confidence and knowledge to pursue this option.
47. To further encourage such shared learning, The Social Investment Business recently filmed a number of organisations who have received investments to showcase the innovative and critical work carried out by charities, social enterprises and community groups and to celebrate the vibrancy of the sector. These can be seen on our website.



## QUESTION 3:

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

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

48. The key point is not one of special treatment for any one type of provider, but that Government adopt a holistic approach and consider gain across a range of delivery areas – not solely focussing on one area and short term savings.
49. Good procurement should include an assessment of full social, environmental and economic value, but often price and track record are the determining factors for commissioners. If this wider assessment criteria were effectively used by commissioners it is likely that the civil society sector would find it far easier to compete on a level playing field.
50. Much work has been done developing and assessing the efficacy of Social Return On Investment (SROI). To be effective, SROI must be fully understood and recognised by both the bidder and the commissioner and there need to be agreed outcomes and metrics. Concerns have been expressed by organisations that their limited resources would be tested by the introduction of onerous requirements for data capture and analysis. Similarly, as organisations increasingly work with multiple commissioners, different commissioners require different information to be captured and assessed – placing further demands on resources. Agreement on needs across commissioning and procuring groups and officers would significantly improve and streamline the management and monitoring of civil society organisation managed services. In light of this, if SROI is to be pursued, consideration should be given to making the process as accessible as possible for civil society organisations, possibly through a yes/no questionnaire regarding their ability to monitor and the level of data available.

**What issues should Government consider in taking forward the Public Services (Social Enterprise and Social Value) Bill?**

51. Increasing community engagement and involvement should improve the democratic accountability of local authorities. By seeking an understanding of the social and environmental priorities of local people to inform the "needs" stage of the commissioning process, commissioners and procurement officers should increase their understanding of community needs and be better placed to design, contract for and deliver appropriate services.
52. We recognise that the Big Society Bank, which we welcome, will take time to set up and get running properly, and we are keen that it continue some of the good work being carried out by ourselves and others. This would ensure that there is momentum on the Bank's launch and that charities and social enterprises do not have to wait to benefit from the products and support the Bank will offer.

## **QUESTION 4:**

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

**How could CSOs facilitate, encourage and support community and citizen involvement in decision making about local priorities and services commissioned?**

53. In partnership with the Community Alliance (DTA, Bassac, Community Matters), The Social Investment Business runs the Communitybuilders programme through DCLG. The community organisations we work with are the perfect route to local communities – both geographic, and communities of interest. They are knowledgeable about the specific needs of their areas (often more so than their public sector counterparts) and better placed to conduct a systematic user needs assessment.
54. It is also worth noting that there is a balance to be struck between organisations consulting locally on government proposals to increase participation, and the desire of some organisations to gather information but maintain their independence to enable them to challenge or criticise issues or proposals that their members/ service users might disagree with. Both activities can inform commissioning.

**What forms of support will best enable statutory partners and CSOs to improve their working relationships?**

55. There are two key activities that could improve the working relationship dramatically:
- Providing training to commissioners to educate them on the civil society sector and the differences between charities/ social enterprises and private businesses.
  - Strengthening the Compact and introducing legal powers/ rights which can be called upon for non-compliance.

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

56. Transparent commissioning, procurement and contracting regimes across public sector bodies make it easier for organisations and citizens to understand their role in the process and how they can add value. If commissioning bodies evidenced their engagement with citizens and civil society organisations, possibly on an annual basis around key programmes and projects, civil society organisations could in turn reflect their engagement in cascading that information and consultation process with citizens and hyper-local networks less accessible to public bodies.
57. Involving civil society leaders in the training of new and existing commissioners, and incentivising attendance at such training.
58. Finally, a lack of understanding about the roles and responsibilities of offices and officers within public bodies can make it hard for individuals and groups at a community level to engage effectively. As has recently happened at a national level, publication of names and responsibilities of key officers would aid the engagement process.

**What can CSOs contribute to the roll out of community budgets? What barriers exist to realising this contribution? How can these barriers be removed?**

59. There are roles for civil society organisation at both the planning and service design stage and the oversight and scrutiny stage. The former, through joint setting of high level outcomes, ensures that residents and groups get the services and structures that they want in their communities. The latter, that the deliverables are consistent with their initial design.

60. Barriers to civil society engagement at the design and scrutiny stages include existing local strategic partnership structures which, although viewed by some as largely ineffectual, continue to rely on a process of electing representatives through the current CVS policy networks and forums structure (with unstructured, poorly managed meetings, poor information sharing systems and limited attendance).

**What can CSOs contribute to the development of Free Schools? What should Government consider in order to realise this contribution?**

61. From experience, we understand that when setting up a free school, focus should be around providing the best educational services, but can be overshadowed by operational issues.
62. At present, seven organisations have set up schools to provide education to people with disabilities requiring special educational needs, supported by investments totalling £14,107,742 from funds managed by The Social Investment Business.
- One example is The Treehouse Trust, who sought help to fund half of the estimated cost to construct a new school building for children with severe autism. A Futurebuilders loan of £5 million for building construction was provided along with £209,357 revenue grants to part fund two new directors. The new building was opened in December 2008 and provides places for 90 children aged between 5 and 19. Feedback has been amazing and the national centre and school have constant praise from parents, educationalist, medics and politicians.
  - A further example is Paces Sheffield, who run a primary school for autistic children and approached The Social Investment Business to help finance the acquisition and refurbishment of a new school building to accommodate an additional 45 children. The organisation already had co-funding in place through the Co-operative Bank. A capital grant of £215,495 was awarded under the Social Enterprise investment Fund.
63. The Social Investment Business has invested in organisations providing educational services ranging from early years education to providing specialist school provision and through to adult education and vocational training. Services range from supporting people in small rural communities, those at risk of exclusion, people with special education needs and creating the design, build and marketing of new educational facilities.

64. We have made 17 full investments into Pre Schools from the Futurebuilders and Social Enterprise Investment Funds, totalling £4,888,336. Investments range from small groups such as Alderbury Pre-School and Bickerstaffe Children's Services providing services to support rural communities to medium size organisations such as Dormers Wells Nursery and Community Centre in Ealing London with 48 childcare places to larger providers such as London Early Years Foundation which operates 18 centres across London. This also includes an investment of £462K to First Step who provides specialist support to pre-school children with a learning or physical disability alongside more general support and advice to the child's family or carers. The new building funded by this investment has enabled the organisation to win new contracts and add Music therapy, Parents Groups, Literacy and family sessions to the pre-school.
65. We have also supported a number of community groups who provide child care services as part of their overall suite of community services. Some examples of this include Nechells Regeneration Project in Birmingham, Cambridge House in London and The Weir Link in London.

**What changes do both commissioners and CSOs need to make to adapt to an environment where citizens are commissioning their own services?**

66. In order to adapt, both commissioners and civil society organisations need to improve how they measure value for money in public services by shifting the current focus on inputs, outputs and unit costs to also consider long term measurement of outcomes and social value.
67. Commissioners also need to invest in the capacity of the provider base, particularly those working with hard to reach groups, and recognize the additional costs associated in working with these groups, and the absence of scalable discount. They also need to appreciate the needs of users and communities by ensuring that, alongside other consultees, they engage with civil society organisations as advocates, to access their specialist knowledge, and map the fullest practicable range of providers with a view to understanding the contribution they could make to firstly identifying, and secondly delivering local outcomes.

## **Conclusion**

68. We welcome the Green Paper's desire to *"create and promote new opportunities for citizens, communities and public service workers to set local priorities, steer local public spending decisions and deliver services in more targeted and responsive ways"*. To achieve this, civil society organisation must be strengthened financially and local communities must be empowered.
69. Increased consultation, improved information, and streamlining of processes and metrics would all improve the quality of services and strengthen the commissioning and procurement process. And this must occur at each stage of the process – not solely at the delivery end.
70. If you would like any further information on any of the points made in this response, please contact Sam Dowling, Policy Manager,