



CabinetOffice

Modernising Commissioning:

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

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FOREWORD

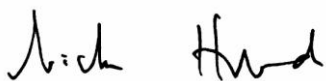
In 'Our Programme for Government' the coalition government made a commitment to:

'support the creation and expansion of mutuals, co-operatives, charities and social enterprises, and enable these groups to have much greater involvement in the running of public services.'

This reflects our respect for the contribution that civil society organisations can make to shaping and delivering more efficient public services that better meet the needs of the people who use them. As Minister for Civil Society, I see evidence every week of that contribution and potential to do more.

I am delighted to introduce this Green Paper. It is a significant step in addressing what needs to be changed in the way that the state commissions and procures in order to fulfil our commitment. The results of this consultation will feed into our wider work to publish a Public Service Reform White Paper in early 2011.

So this is an important opportunity to influence the future of commissioning and public service reform. We need your ideas, recommendations and responses to the important questions posed in the paper about how we should bring about these reforms and bring about a more effective collaboration between civil society and the public sector.

A handwritten signature in black ink, reading "Nick Hurd". The signature is written in a cursive, slightly stylized font.

Nick Hurd MP, Minister for Civil Society

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CONTEXT

What does this Green Paper aim to achieve?

This Green Paper lays out the Government's plans for the modernisation of commissioning. It takes forward commitments made in *The Coalition: our programme for government*¹ to **'support the creation and expansion of mutuals, co-operatives, charities and social enterprises, and enable these groups to have a much greater involvement in the running of public services.'**

This Green Paper also progresses the recent commitment made in *Building a Stronger Civil Society*² to get input on how we can modernise commissioning to ensure the most effective and efficient mutuals, co-operatives, charities and social enterprises (civil society organisations) have a much greater involvement in the running of public services.

'civil society organisations':

This Green Paper aims to progress the *Programme for Government* commitment which relates to 'mutuals, cooperatives, charities and social enterprises'. For the purposes of this document, these will be referred to as 'civil society organisations'.

The Government recognises that that many mutuals and co-operatives are profit-making businesses, which operate for primarily commercial objectives. However, they are included in this definition owing to their role in public service provision.

The Government's commitment to increasing the involvement of civil society organisations in public service delivery is based on two related reasons:

Firstly, these reforms are fundamental to achieving the **Power Shift**, to which this government is committed, transferring power away from central government to local communities. Improved commissioning practice will encourage a flourishing civil society, increasing community involvement in activities which were previously the almost exclusive domain of the state; enhancing the responsiveness of local authorities and other local commissioning bodies to the community's needs and priorities; reaching some of the most disadvantaged groups in society; and supporting local economic growth.

¹ HM Government, May 2010

² HM Government, October 2010

These reforms aim 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. As such, this Green Paper proposes measures which ensure commissioning strengthens the role of civil society in public services, thereby empowering local communities to shape public services.

Secondly, the modernisation of commissioning will ensure that Government drives transformative improvements in public service **quality and efficiency**, by improving its ability to buy public services intelligently and making better use of all available resources. This will enable commissioners to drive and implement public spending cuts in fully informed ways, removing unnecessary duplications and responding to local priorities.

This Green Paper is a basis for discussion with commissioners, civil society organisations and other public service providers. It seeks your views on how the Government can reform all stages of the commissioning process at both local and national levels to ensure civil society organisations play a full and active part in public services. The conclusions of this discussion will form part of the commitments made in a wider **Public Service Reform White Paper**, which will be published early in

2011³. In this White Paper, the Government is particularly keen to explore how the following could drive reform further in a range of service areas:

- Promoting independent provision in key public services;
- Developing new rights for communities and public employees to buy and run services;
- Attracting external investment and expertise into the public sector to deliver better and more efficient services;
- Extending innovative payment and funding mechanisms, such as personal budgets and payment by results commissioning in more areas;
- Increasing democratic accountability at a local level; and
- Maintaining continuity of service and managing risks in light of these reforms.

This Green Paper also strengthens the links between the Government's work to boost support for millions of Britain's small and medium sized enterprises (SMEs) and work to increase the role of civil society organisations in public service delivery. While the scope of this Green Paper is focused on commissioning with civil society organisations, the Government recognises that SMEs and civil society organisations

³ Spending Review 2010

face many of the same barriers and that many civil society organisations consider themselves as SMEs. In November 2010, the Minister for the Cabinet Office, Rt. Hon Francis Maude MP, announced a series of measures to make it easier for small firms and organisations to do business with government. These measures progress the Government's aspiration to award 25 per cent of government contracts to SMEs⁴, which will also benefit small and medium civil society organisations.

In those policy areas where the coalition Government's responsibilities extend across England, Northern Ireland, Scotland and Wales, these proposed reforms will apply across the United Kingdom. However, we acknowledge that in Wales, Scotland and Northern Ireland many public services, in key areas such as health, education and local government, are the responsibility of the devolved institutions. We strongly believe that, wherever possible, the benefits these proposals will bring should be enjoyed across the United Kingdom. To that end, we will work closely with the Devolved Administrations to explore ways that the principles we are consulting on in this Green Paper could be adapted to their territories.

What questions does this Green Paper ask?

This Green Paper asks commissioners, civil society organisations and other public service providers four main questions:

- In which public service areas could Government create new opportunities for civil society organisations to deliver?
- How could Government make existing public service markets more accessible to civil society organisations?
- How could commissioners use assessments of full social, environmental and economic value to inform their commissioning decisions?
- How could civil society organisations support greater citizen and community involvement in all stages of commissioning?

What do we mean by commissioning?

Commissioning is the cycle of assessing the needs of people in an area, designing and then achieving appropriate outcomes⁵. The service may be delivered by the public, private or civil society sectors.

There are a number of similar models, but a commissioning cycle can be generalised as following a number of stages: (i) assessing

⁴ Programme for Government

⁵ Cabinet Office, 2006

needs; (ii) identifying of the priority needs and outcomes; (iii) designing the specification which will achieve these outcomes; (iv) sourcing the providers to meet this specification; (v) managing the delivery of the outcomes; and (vi) monitoring, reviewing and learning from delivery to inform future commissioning.

The commissioner, in many cases, will be a public body, working in partnership with providers and citizens. However, with models such as personal budgets and participatory budgeting, individuals and communities are increasingly playing a stronger role as commissioners in a range of service areas and many civil society organisations play a role in facilitating and supporting this process.

How can commissioners, civil society organisations and other public service providers contribute to this process?

The Government invites contributions from organisations and individuals at both local and national levels. Please send evidence, ideas and recommendations in response to the questions posed in this Green Paper to:

ocscommissioning@cabinet-office.x.gsi.gov.uk; or

Public Services Team, Office for Civil Society, Admiralty Arch, The Mall, London SW1A 2WH

The deadline for submission of information is **Wednesday 5th January 2011**.

Annex A to this Green Paper outlines our policy development process and some key opportunities to contribute. The Cabinet Office acknowledges that this is a regrettably short consultation period. This falls outside of the Compact but the shorter timeframe will be mitigated by more targeted engagement. This consultation is intended to ensure engagement with commissioners, civil society organisations and other public service providers during the short window of opportunity between the Spending Review 2010 and the beginning of 2011-2014 Spending Period.

This Green Paper also forms part of a wider call for evidence for the Reform White Paper, which the Government is committed to publishing early in 2011. For further information on this call for evidence, please visit: http://www.hm-treasury.gov.uk/consult_publicservice_reform.htm

NEW OPPORTUNITIES

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

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

Civil society organisations already play a considerable role in delivering a range of public services. In 2007/2008, the sector had an income of £12.8 billion from statutory sources, of which £9.1 billion was from contracts⁶. However, there are a number of public service areas in which levels of non-state provision remain low and therefore the opportunities to benefit from civil society innovation are not fully realised.

In the Spending Review 2010, the Government committed to increase the diversity of provision in public services by increasing competition and consumer choice. This will involve consideration of three key elements:

- Introducing **payment by results** across public services;
- Setting **proportions of specific services** that should be delivered by independent providers, including civil society organisations; and
- Introducing **new rights** for communities to run services, own assets and for public service workers to form mutuals.

As announced in the Spending Review, the Government intends to identify particular opportunities to expand the use of **payment by results** across particular service areas. This will link payment to the outcomes achieved, rather than the inputs, outputs or processes of a service. These proposals will build on initiatives already underway across Government. The Government is aware that payment by results may bring both challenges and opportunities for civil society organisations. For example, it may allow for greater innovation and flexibility in delivery models, while it may also bring challenges in terms of the need to access working capital. The Government is committed to considering these issues as part of the wider Public Service Reform White Paper.

Sub- Question: What are the implications of payment by results for civil society organisations?

⁶ NCVO Almanac 2010

Example: The Ministry of Justice recently launched the **Social Impact Bond pilot** at HMP Peterborough, a payment by results scheme that aims to tackle the high rates of reoffending associated with offenders released from short-term prison sentences. Under this scheme, voluntary and community services are financed through social investment to deliver intensive support to 3,000 short-term prisoners over a six year period, both inside prison and after release. If this initiative reduces re-offending by 7.5 per cent, or more, investors will receive a dividend payment of up to 13 per cent of their original investment, funded by the savings generated in the criminal justice system. If the reoffending rate falls by less than 7.5%, the investors will receive no return.

The Spending Review also announced that Government will look at setting **proportions** of certain services that should be provided independently. Civil society organisations will play a key role in this increase in independent provision. One of the factors taken into account will be the current openness of the market and any planned reforms to create further opportunities to deliver. Furthermore, in developing this policy, the Government is committed to transparency and will explore measures to ensure openness about the proportions of spending distributed to independent providers. The objective of this policy is to improve outcomes and performance by stimulating and growing a diversity of provision across public services, which may

be maintained and developed through longer term intelligent commissioning based on greater citizen and community involvement in shaping and reforming our public services.

Sub- Question: Which public services areas could be opened up to more civil society providers? What are the barriers to more civil society organisations being involved?

The Government is committed to introducing a number of new rights which will empower communities and public sector workers to proactively open up public service markets and decentralise the power to innovate and drive efficiency:

The Localism Bill will give civil society organisations and local authority employees the **right to challenge** local authorities where they believe they could provide services differently or better, helping to shift power down to the local level. Further details will be announced shortly and Government will be consulting on the detail of how the right challenge will work.

Sub- Questions: Should Government explore extending the right to challenge to other local state-run services?

If so, which areas and what benefits could civil society organisations bring to these public service areas?

The Localism Bill will also create greater opportunities for communities to **bid to buy** assets that are of community value, and from which they can deliver existing and transformed services. We recognise the importance of separating the legal relationship governing the transfer of an asset from the commissioning of a service; at the same time, it is important to recognise that the viability of transferred assets may depend on a contractual commitment to the funding of particular services that are based there.

Sub-Questions: 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?

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

In November, the Minister for the Cabinet Office, Rt. Hon. Francis Maude MP, announced that every department will put in place **rights to provide** for public sector workers to take over the running of services, including a right for civil servants directly employed by departments to form mutuals. This builds on the commitment in *Our Programme for Government*⁷ and the Spending Review 2010 to 'give public sector

workers a new right to form employee-owned cooperatives'.

Given the variety of public services and departmental requirements, these rights will not be uniform, but will be as far reaching as possible. The new mutuals will negotiate contracts with the applicable departments or local commissioning bodies, on the basis that they will provide improved services, while minimising spend on administration and overheads. The Cabinet Office is exploring where public procurement processes allow for staff forming a mutual to be awarded a contract to continue providing services.

The Government will not seek to dictate what is best for employees and for the users of services; rather the precise model of mutualisation should follow from the service being provided. This could, for example, include Joint Ventures. Many of these mutuals will also work in partnership with existing civil society organisations and their local communities. This work will open up new areas of public service delivery to competition and the involvement of a diversity of providers.

Sub- Question: How can we encourage more existing civil society organisations to team up with new employee-led mutuals?

⁷ HM Government, May 2010

The **rights to provide** and **right to challenge** will fundamentally transform the ability of civil society organisations and public sector workers to shape and improve our public services in more responsive ways. However, these rights do not exhaust our commitment to empowering citizens and public service professionals to drive reform.

Sub-Question: What other methods could the Government consider in order to create more opportunities for civil society organisations to deliver public services?

MORE ACCESSIBLE

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

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.

In theory, there are a broad range of public service areas in which civil society organisations could bid to deliver services. However, in practice, many organisations find these markets virtually impenetrable. The issues that present such barriers are well known and broadly accepted. They include issues like the length of contracts, the transaction costs of procurement processes, the inflexibility of specifications and the lack of transparency in decision-making criteria.

Example: In 2008, the **Public Administration Select Committee** reported the typical example of Camberwell-based charity Cambridge House, which reported the barriers they encountered in tendering for a contract to delivery independent mental capacity advocacy services in London. These

included (i) an unrealistically short period to complete tenders – one week between the publication of documents and the deadline for submission; (ii) disproportionately long and complex legal contracts, which they were required to sign at the tendering stage; (iii) excessive levels of legal risk transferred to the charity; and (iv) onerous charges and bureaucracy to establish the financial status of the organisation, drawing charitable funds away from frontline services.

Sub-Question: What issues should commissioners take into account in order to increase civil society organisations' involvement in existing public service markets?

Many of the barriers experienced by civil society organisations are common to private sector small and medium enterprises (SMEs). In November 2010, the Cabinet Office announced a series of measures to make it easier for small firms and organisations to do business with government. These measures progress the Government's aspiration to award **25 per cent of government contracts to SMEs**⁸. These measures include plans to:

- Cut away unnecessary bureaucracy by streamlining the procurement process;
- Improve the transparency of public procurement opportunities;

⁸ Our Programme for Government

- Require major suppliers to guarantee sub-contractors working on Government contracts are paid within 30 days and encouraging them to pass these payment terms down supply chains;
- Introduce a standardised core pre-qualification questionnaire (PQQ) across central government;
- Investigate options to enable suppliers to submit standard PQQ data just once to further simplify the process for suppliers;
- Undertake a 'Lean Review' to uncover the causes of delay in the procurement process and to suggest actions to rectify them; and
- Launch a '**Contracts Finder**' system in March 2011. This will be a free facility for small businesses to find public sector procurement, and sub-contracting opportunities in one single place online. 'Contracts Finder' will host all central government tender documents and contracts.

Contracts Finder is intended to inter-operate with other portals in the wider public sector in order to draw down and make visible opportunities in one place, rather than replace other portals⁹. In particular, the Government will consider the relationship

between Contracts Finder and Funding Central¹⁰.

Sub- Question: 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?

More generally, the Government has established a **Civil Society Red Tape Taskforce** to answer the question "How can we reduce the bureaucratic burden on small organisations, particularly in the charitable, voluntary and social enterprise sectors?" The Taskforce is considering the full range of burdens that fall on small civil society organisations, including contractual arrangements when civil society organisations provide public services, and will make recommendations about how these should be reduced, including changes to legislation that are needed. The Taskforce is reporting early in 2011.

Sub-Question: What issues should the Civil Society Red Tape Taskforce consider in order to reduce the bureaucratic burden of commissioning?

Government recognises that smaller providers, including many civil society organisations, identify **disproportionate**

⁹ As such, Contracts Finder replaces Supply2Gov.

¹⁰ Funding Central is a free website for civil society organisations. The site provides access to thousands of funding and finance opportunities, plus a wealth of tools and resources supporting organisations to develop sustainable income strategies appropriate to their needs.

levels of risk in contracts as a significant barrier to involvement in public service delivery. Anecdotal evidence suggests that this can disadvantage these providers as public sector providers and larger prime contractors seek to transfer risk to smaller providers that lack the capital or financial backing to run such risks. This can mean that civil society organisations lose out to larger, often commercial, enterprises that are able to bear the financial risk. Conversely, anecdotal evidence also suggests that some smaller providers are unwilling to accept such delivery risks in return for funding. Government is committed to considering how commissioning is reformed to enable proportionate levels of risk allocation across public service providers.

Sub-Question: How can commissioners achieve a fair balance of risk which would enable civil society organisations to compete for opportunities?

Many civil society organisations have cited the Transfer of Undertakings (Protection of Employment) (**TUPE**) regulations as a potential barrier to greater involvement in the delivery of public services. For example, issues relating to the ability of organisations to accurately cost bids and ensure the ongoing sustainability of their organisations are recognised issues. The TUPE regulations are an important protection for employees and implement the EU Acquired Rights Directive into UK law. Nevertheless, the Government intends to review guidance

in relation to public sector procurement to enable them to understand and comply with the regulations.

Sub- Question: What are the key issues civil society organisations face when dealing with TUPE regulations and what could government do, within existing legislation, to resolve these problems?

While there are some barriers which are common to SMEs and civil society organisations, some civil society organisations report that there are issues which relate specifically to their primarily social or environmental purposes. For example, some organisations claim that their bids are scrutinised on the basis of costs and that there is a undue focus on their organisational overheads, as opposed to their competitive price and value. This can adversely affect the sustainability and development of such organisations, as they may be prevented from making a surplus. The Government is committed to moving to a system which focuses on the **price and value of a provider, rather than the costs**. Civil society organisations should be assessed on their ability to deliver the best outcomes for the most competitive price.

Sub-Questions: 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?

The Government recognises that access to finance is a major issue for civil society organisations. Difficulties in growing and developing their business and managing the working capital needs of being a public service provider can be a particular barrier to involvement in public service delivery. Government has committed to establishing a **Big Society Bank** to help civil society organisations access more resources and play a bigger role in delivering public services. The Big Society Bank will work, over the medium term, with new and existing social finance intermediaries to support the growth of a bigger, well functioning and sustainable social investment market. The Big Society Bank (BSB) will be financed by all of the funding made available to England from UK dormant accounts. The amount of funds available for distribution, however, is difficult to predict. This will be determined by the number of banks and building societies volunteering to participate in the scheme, the success of the ongoing campaign to reunite individuals with their assets, and the sums held back for customer reclaim.

Sub-Question: 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?

While Government is committed to creating new opportunities for civil society organisations to deliver public services, the full impact of this work will only be felt if public services operate in a more open and transparent way. This will achieve two main benefits:

- Firstly, it will allow new providers to know what is being delivered and how they may challenge the system, rather than waiting until the Government has decided to put something out tender;
- Secondly, it will enable new providers to offer stronger bids as they will have a better understanding of the service and the results it is seeking to achieve.

One of the Government's primary mechanisms for driving increased transparency will be the renewed Compact between the Government and civil society organisations. This outlines joint outcomes and commitments for a mutually beneficial partnership, helping to improve outcomes for people and communities and establishing a foundation for the Big Society. In particular, the Compact outlines how the state and civil society sector may work together as civil society organisations gain a greater role in public service delivery. Ultimately, the Compact is about encouraging better understanding between the two parties and creating conditions which allow civil society organisations to work better with government in designing, developing and delivering public

services. Crucial to the agreement are the increased accountability and transparency measures which are being introduced to ensure that government is held to account for commitments made to the sector.

At least in the short term, a number of departments will commission services through a combination of local organisations and centralised procurement, working closely to ensure alignment of needs and service integration. For example, centralised procurement may be appropriate where services are highly specialised, high cost and low volume within individual localities, or where this offers greater public value. Where organisations operate as sub-contractors to prime contractors or providers, the Government recognises that smaller and specialist organisations can often feel marginalised and stifled. To address this and complement the wider measures to support SMEs, the Department for Work and Pensions is currently piloting a new supply chain management standard that prime providers will have to meet, known as the **Merlin Standard**. Merlin will recognise excellence in supply chain management and incentivise larger prime contractors to invest in the capacity and performance of their delivery partners. A supporting web portal and database is being developed that is planned to include information such as contract requirements, delivery partner portfolios and examples of industry best practice. Subject to the conclusions of the Department for Work and Pensions pilot, the

Government is considering the extension of Merlin as a common standard across central government.

Sub- Questions: What issues affecting civil society organisations should be considered in relation to the extension of the Merlin Standard across central government?

The Government remains committed to enabling SMEs and civil society organisations to play an active role in the delivery of services in areas of delivery which use prime contractor models, such as welfare to work and some criminal justice services. In addition to operating as sub-contractors, we envisage that this may involve smaller providers, who often serve specialist needs, and will be able to join up their expertise and financial resources to bid as a consortium. Government is committed to ensuring that barriers to forming and operating as a consortium are removed.

Sub- Question: What barriers prevent civil society organisations from forming and operating in consortia? How could they be removed?

VALUE

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

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

To underpin the Government's commitment to the introduction of **payment by results** across public services, commissioners must have a full understanding of the value of the potential results. Understandings of value should be driven by citizens and communities, wherever appropriate. This will enable commissioners to focus services on the social, environmental and economic priorities of the people they serve. This may include issues relating to the promotion of equality, diversity and meeting the needs of disadvantaged groups.

While taking full social, environmental and economic value into account when making commissioning decisions is recognised good practice¹¹ and commissioners routinely

consider and compare the apparent and comparative monetary costs of services, they do not always consider the wider effects of a commissioning decision on individual beneficiaries, communities, the wider economy or the environment. As a result, the potential added value of some commissioning decisions is not always maximised and the expenditure of public money does not always deliver optimum value. Commissioners need to be enabled to think strategically and take a holistic approach to understanding needs and identifying appropriate outcomes and results. By not taking account of the whole system, decisions can have unintended consequences which cause perverse incentives and poor outcomes.¹²

Sub-Question: What approaches would best support commissioning decisions that consider full social, environmental and economic value?

The Government has already invested in and supported the development of a range of tools, materials and training opportunities for providers and commissioners to fully take account of the wider social, environmental and economic value of commissioning decisions. This work has provided indicative examples of the potential benefit, quantified in financial terms, of this approach.

¹¹ *Social Return on Investment – and commissioning: How commissioners can use SROI to achieve better results, Cabinet Office and SROI Network, September 2009*

¹² Furthermore, under the Equality Act 2010, the new Equality Duty requires public bodies to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between different groups across all their functions, including public procurement. The new Duty is expected to come into force from April 2011.

Example: The London Borough of Camden renewed its Schools Catering contract in 2006. Up until this point, there had been significant dissatisfaction with the quality and performance of the contract, including complaints from parents and schools. A 'Best Value Service Review' was undertaken prior to re-tendering involving officers from a range of children's, health and education services. The team also consulted with parents, teachers, pupils and local civil society organisations. The remit of this review included consideration of how the wider social, environmental and economic factors relevant to the pupils, parents and teachers. The new contract was shaped around the results of the review. As a result, a better informed tender was developed; a smaller contractor was awarded the contract with a strong ethos of healthy, sustainable food and parent/child involvement; uptake in meals in primary and special schools by children rose by 9.83 per cent; and teachers reported indirect benefits as a result of the new contract such as improved concentration of students and academic performance. The contract has increased service and food quality, without an increase in contractor margins.

To progress our commitment to this agenda, the Government is supporting the ***Public Services (Social Enterprise and Social Value) Bill***, which has been sponsored by Chris White MP. This Bill received its second reading on 19th November and will now be considered at Committee stage. This Bill

proposes measures which require contracting authorities to consider of all relevant and proportion economic, social and environmental value.

In considering the proportionality of this approach, value for money would remain paramount. This Bill would make the recognition of full value part of mainstream commissioning practice, rather than optional good practice. These measures would further the autonomy of local communities. The progression of this Bill will be aligned with the duty of Best Value, which requires local authorities to secure continuous improvement in the way their functions are exercised.

While this Bill does not require that a particular methodology is used, several of the recognised tools focus on involving local citizens and communities in determining what constitutes 'relevant' value. By requiring that commissioners consider whether to consult the intended beneficiaries, this Bill would improve levels of community involvement in commissioning and help to ensure that commissioning responds to the full range of communities' priorities.

Sub- Question: What issues should Government consider in taking forward the Public Services (Social Enterprise and Social Value) Bill?

CITIZEN AND COMMUNITY INVOLVEMENT

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

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

The Government is committed to ending the era of top-down Government, where success is defined and measured by targets imposed by Whitehall on local areas. Decentralisation aims to push power as close to individuals as possible, not only to town halls, but also to individuals, communities and the organisations that represent them.

Citizens and their communities should define the priorities and expectations of the public services they receive and play an active role in ensuring that those services deliver or are reformed to ensure effectiveness and efficiency. To achieve this, citizens and communities should have opportunities to play a leading role at all stages of the commissioning process.

Civil society organisations have an important part to play in facilitating, brokering and supporting this involvement. They can play a particular role in ensuring the involvement of disadvantaged groups, who may otherwise struggle to be involved, and helping to ensure that priorities are set on the basis of need.

For example, the proposals set out in the Department of Health's *Liberating the NHS* White Paper put patients and the public first, empowering staff to work with patients and the public is essential to make changes and meet the changing expectations of people using services.

Subject to Parliamentary approval, **HealthWatch England** will be a national consumer champion and **Local HealthWatch** organisations will promote the local consumer voice, from views and feedback gathered from patients and the public to inform local commissioning across health and social care services. The Government recognises that civil society organisations have an important role to play in supporting and brokering community involvement in these new structures.

Sub-question: What role and contributions could civil society organisations place, through Local HealthWatch, in informing the local consumer voice about commissioning?

Furthermore, as part of the Health Bill, the Department of Health is proposing to refresh

Joint Strategic Needs Assessment (JSNA)

Guidance in 2011/12. This reflects the proposed creation of local Health and Wellbeing Boards which will bring together GP Consortia, the Local Authority, Healthwatch and civil society organisations.

It will be important that as local areas develop new partnership arrangements around Health and Wellbeing, local HealthWatch and their approach to the JSNA, they draw on civil society organisations both as a source of expertise and as a voice of less heard groups in local communities.

The Department of Health is working closely with Local Government Improvement and Development (LGID) who will be producing a best practice guide on JSNAs which will include a section on civil society organisation engagement. This will be produced by 2011.

Sub-question: What issues relating to civil society organisations should the Government consider when refreshing the Joint Strategic Needs Assessment Guidance?

The benefits of this transformative shift in the relationship between public services and citizens are significant. Through increased transparency and more accessible information about local services and their performance, citizens will be far more aware of the services which are being commissioned on their behalf. By actively

involving citizens in the decision making process relating to commissioning, communities will be empowered to take responsibility for meeting priority needs, assessing value for money and deciding where Government funding is no longer required.

While local or national government has a legitimate role in deciding relative priorities where different parts of the community differ as to their priorities, those who use services, and other interested citizens, are best placed to identify priority needs, and understand how outcomes could be improved and waste reduced. As such, this approach will radically transform the responsibility and accountability relationship between citizens, public service providers and commissioners. The potential of civil society organisations to act as community advocates and representatives, as well as providers, is particularly important.

Sub-Question: How could civil society organisations facilitate, encourage and support community and citizen involvement in decision making about local priorities and services commissioned?

While Government recognises the potential and importance of involving citizens more in the design, delivery and continual improvement of public services, we also acknowledge that this requires significant changes in the way that central and local

Government and other local commissioning bodies operate. To enable this, Government will:

Develop a **new package of support to enable local civil society organisations and statutory partners to strengthen their working relationships** as they jointly move to new ways of working. Building on the work of the Partnership Improvement Programme (PIP), this new package will enable statutory partners and civil society organisations to address the current challenges facing them.

Sub-Question: What forms of support will best enable statutory partners and civil society organisations to improve their working relationships?

Continue to invest in a **programme of training public service commissioners to work with civil society organisations**. This programme will support local commissioners to build the skills to radically enhance the levels of citizen and community involvement in all elements of the commissioning process.

Sub-Question: What issues should the government consider in the development of the future programme of training public service commissioners?

The introduction of the **right to challenge** is one of the primary new mechanisms, by which local communities will proactively hold local authority services to account. Many

communities come together to voice concerns over services or the closure of facilities. Civil society organisations can often play a role as facilitators, mobilisers and providers of affordable solution. Chapter one considers how this may be extended to other local state-run services.

In the Spending Review 2010, the Government announced the establishment of 16 local areas, which will lead the roll out of '**Community Budgets**'. These will pool budgets for local public service partnerships, enabling the redesign and integration of frontline services across organisations, beginning around families with complex needs. It is the Government's ambition that all places may be able to operate these approaches from April 2013. Civil society organisations could have an important role to play facilitating and supporting community input into the Community Budget process and the delivery of public services.

Sub- Questions: What can civil society organisations contribute to the roll out of community budgets? What barriers exist to realising this contribution? How can these barriers be removed?

Community budgets aim to create the funding arrangements which allow for greater accountability to local people and flexibility in service redesign. Government also announced that councils and their partners will also have greater flexibility to work across boundaries in health, policing, worklessness

and child poverty as part of the Spending Review 2010. The Government will be actively working with a further 20 innovative areas to help push forward local flexibility and to address barriers; nine of these areas will be working to understand how to unlock the potential of communities and frontline work to design and deliver a genuinely joined up approach to public services for the citizen.

The **Local Integrated Services (LIS)** concept offers a way to use this enhanced accountability and flexibility to unlock the potential of communities to design and deliver a genuinely joined up approach to multiple challenges like health inequalities, an ageing society, crime reduction, poor housing and worklessness. Contracts will be won not by the organisation best able to write a bid, but by the organisation that can best convince the community that they can deliver a locally tailored service that meets local needs and priorities.

There are various LIS models, but typically, these start at the neighbourhood level, and aim to: (i) develop service provision from the bottom-up; (ii) commission whoever is best to deliver the service, including civil society organisations; (iii) co-design service solutions with the local community and service users; and (iv) create a genuinely joined-up approach which pools local efforts and resources. This concept has been developed in conjunction with the national civil society organisation Turning Point and is being further explored in practice by partnerships of

local government and civil society organisations in nine localities.

Sub- Questions: What can civil society organisations contribute to the roll out of Local Integrated Services?

What barriers exist to realising this contribution? How can these barriers be removed?

Through the **Free School** Programme, the Government is empowering teachers, parents, civil society organisations and others to submit proposals to set up new Free Schools. The Free School programme is engaging a more diverse range of people in setting up schools. This will lead to a range of schools that meet local parental demand and help promote competition between schools, driving up standards. This will build on the existing involvement of civil society organisation in operating and developing schools and create market opportunities for further involvement.

Sub- Questions: What can civil society organisations contribute to the development of Free Schools?

What should Government consider in order to realise this contribution?

Personal budgets and **direct payments** give people and their carers more control and

purchasing power and have been widely used across adult social care. In the Spending Review 2010, the Government committed to significantly extend the use of personal budgets across a range of service areas, including special education needs, support for children with disabilities, long term health conditions and adult social care. This will shift power directly into people's hands by giving them control over the money spent on public services. For example, the Right to Control, being tested in seven Trailblazer areas in England from December 2010, will give disabled adults a legal right to this, including the right to take a direct payment. Civil society organisations play an important role in enabling people to assume this control. In particular, organisations led and operated by service users and their carers can enable people to come together, aggregate their budgets, develop responsive services and advocate for their needs.

Sub- Questions: What contributions could civil society organisations make to the extension of personal budgets across a range of service areas?

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

ANNEX A: NEXT STEPS AND OPPORTUNITIES TO CONTRIBUTE

Who should contribute?

This is a public consultation to which anyone with an interest may respond. We are particularly keen to hear the views of **civil society organisations, commissioners** and **other public sector providers**.

'civil society organisation':

This Green Paper aims to progress the *Programme for Government* commitment which relates to 'mutuals, cooperatives, charities and social enterprises'. For the purposes of this Green Paper, these are referred to as 'civil society organisations'.

Why should you contribute?

This Green Paper will inform the content of a wider Public Service Reform White Paper, which will be published in early 2011. This White Paper will drive forward reform in a range of service areas. This Green Paper considers some of the particular contributions that civil society organisations could make to

these reforms and how all stages of the commissioning process may be modernised in order to realise this contribution.

What should you contribute?

The Government invites the contribution of evidence, ideas and recommendations in response to the questions posed in this Green Paper. There are four main questions posed by this Paper:

- In which public service areas could Government create new opportunities for civil society organisations to deliver?
- How could Government make existing public service markets more accessible to civil society organisations?
- How could commissioners use assessments of full social, environmental and economic value to inform their commissioning decisions?
- How could civil society organisations support greater citizen and community involvement in all stages of commissioning?

Under these main questions, there are a number of sub-questions, which relate to some of the detailed issues explored in this Green Paper.

Contributions do not need to respond to all of the questions. Please identify and respond to

those questions which relate specifically to your particular areas of expertise.

How should you contribute?

There are a variety of opportunities to contribute to this Green Paper:

- **In writing / via email:** Please send submissions to: ocskommissioning@cabinet-office.x.gsi.gov.uk; or Public Services Team, Office for Civil Society, Cabinet Office, Admiralty Arch, The Mall, London SW1A 2WH;
- **Via the Office for Civil Society's Strategic Partners:** The Office for Civil Society has 39 strategic partners, who represent a range of different parts of the civil society sector. These organisations provide valuable feedback to Government and inform our policy development and implementation. A number of our Strategic Partners are hosting events and seminars in December to support this process. Please contact ocskommissioning@cabinet-office.x.gsi.gov.uk for a list of events.

The Cabinet Office is also working with the National Endowment for Science, Technology and the Arts (NESTA) to gather information and evidence from civil society organisations, commissioners and other public sector providers to inform this process.

For further information about the Public Service Reform White Paper and to submit your views, suggestions and expert knowledge on how reforms announced at the Spending Review could improve a specific public service, please go to: http://www.hm-treasury.gov.uk/consult_publicservice_reform.htm

It is not necessary to submit duplicate information specifically on commissioning to both the Public Service Reform White Paper call for evidence and this Green Paper consultation as these form part of the same information gathering process and will be jointly considered by HM Treasury and the Cabinet Office.

By when should you contribute?

The deadline for the submission of information is **Wednesday 5th January 2011**. However, the Cabinet Office would particularly welcome early contributions, wherever possible.

The Cabinet Office acknowledges that this is a regrettably short consultation period. This falls outside of the Compact but the shorter timeframe will be mitigated by more targeted engagement. This consultation is intended to ensure engagement with key public service stakeholders during the short window of opportunity between the Spending Review 2010 and the beginning of the 2011-14 Spending Period.

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