

# Involving Small Groups in Public Service Delivery and Engaging With Procurement and Commissioning Opportunities

## Introduction

Much is made of the importance of procurement and commissioning as a way for the third sector to move away from grant funding and become genuinely sustainable, yet for many small groups, winning a contract in their own right isn't possible. For some groups the contract size is simply too big for them to be able to deal with. For others they can not complete the standard sections of a Pre-Qualification Questionnaire. Particularly difficult for a lot of small groups are the financial information requirements and the need for three examples of relevant experience of this type of public service delivery.

This factsheet sets out a number of options for small third sector organisations to get involved in public service delivery. These options cover how you might influence procurement processes to create more opportunities for your organisation, and what rules can be used to your advantage. It then considers how you might work in partnership to create a more viable proposition and what current opportunities are particularly open for small groups to engage with. Finally, given the barriers some groups will face to accessing procurement opportunities, it also considers a few alternative options by which smaller charities could build their business and revenue streams.

### 1. Influencing the Commissioner

This may be easier said than done, but it is essential. You need to let the people who run or who are in a position to influence the commissioning processes in your area that you are a great organisation; an organisation that they need to be involved in public service delivery. In doing so you need to show popular public support for your work and that you can deliver to appropriate quality standards.

Do this by using every aspect of local media to get your story across and to create as much positive publicity about your organisation as you possibly can. Invite officials to visit and get involved with your project, particularly if you can add a media friendly twist to it. This might be launching an event, planting a tree or opening a building.

A supportive councillor or commissioning officer, can then stick up for you and consider which of the following options might be suitable to ensure your involvement.

They can also involve you in strategic planning processes. These include local area agreements, 'Compact' groups and strategic planning processes in local authority structures, Joint Strategic Needs Assessments and Local Area Networks in health care. They will enable you to get involved in the way services are designed long before tenders are issued, and ensure that there are opportunities for the third sector. Local third sector infra-structure bodies may form effective lobbying partners in these processes and are likely to already be involved.

One point worth mentioning is that commissioners often site the criticism that smaller third sector organisations are poorly managed and unprofessional. Consider adopting quality assurance models and standards which show this stereotype does not apply to you. Also realise, in a small organisation you probably don't have all the skills you need, so be prepared to outsource where appropriate, and make the most of training opportunities to build the skills base of your team. Increased skills will massively improve the health of your organisation. Keep making reference to this work and get stories in the media about it, and then you will ensure the miss-conception does not taint you.



## 2. Procurement thresholds

It is worth a small organisation understanding the way thresholds work in EU law. For every type of service there are thresholds where the full European Journal rules kick in. If your work stream is small enough it may be under EU procurement thresholds, which make it easier for the commissioner to give you a direct grant.

In most cases the full contracting threshold is £139,883 (€206,000). This includes Part B services and research contracts. For contracts below the thresholds EU principles of fairness and transparency still apply and many government departments and local authorities have their own simpler rules and processes, covering more localised competition.

The reality is a commissioner is still unlikely to have enthusiasm for performance managing a huge range of working relationships with small providers even if they are charities. They may also be unsure as to exactly what they are allowed to do with under threshold contracts and may therefore adopt a precautionary principle. If you are having trouble negotiating something using these rules, accessing some experienced legal support, in a friendly manner, may help.

## 3 Intelligent commissioning

### Social clauses

EU commissioning rules require fair and transparent processes. Ultimately this is designed to protect the way in which companies from around Europe can compete to deliver public works and services in other countries. This does not mean you can't design a service to provide community benefit. It means you can't specify the origin of a service provider.

As a result, it is entirely possible for a tender specification to require the creation of local employment, training and volunteering opportunities, and for a successful provider to work with local third sector organisations. This might be termed a 'social return on investment'.

### Extracting best value

The full potential of evaluating tender submissions in terms of best value is rarely used. Tenders do not have to be assessed on price alone; they can be assessed in accordance with MEAT (Most Economically Advantageous Tender). This allows commissioners to make value based judgements on what is possible with service delivery and how the community benefits from it.

A perfectly legal extension of this would be for a commissioner to say that a total budget is available for the specific service and then assess the resulting tenders based on what the provider says they will do for that money and what level of quality they will provide. Including small third sector organisations could easily form part of that.

## 4. Partnership working and sub-contracting

### Consortia approaches

Perhaps the most standard response for the question of how to involve smaller groups is that they should work together and build partnerships and consortia. The difficulties inherent in doing this should not be underestimated. It takes time and effort to build up real partnerships based on trust and understanding.

This means building consortia to respond to a specific tender opportunity that has already been advertised may not be a realistic option. If you are engaging in strategic discussions with your commissioner, you should be able to take a longer term perspective and develop over time, enabling you to get to know your partners, build a working dynamic and formulate your ideas and methodologies.

You should consider getting all the partners to sign a memorandum of understanding, which will basically be getting all the partners to agree some basic working parameters and to sign up to heading in the direction you are hoping to move in. You may wish to set up a new special purpose vehicle or Community Interest Company (CIC) to give the partnership a legal entity, and minimise the risk for the individual partners.

If you are co-ordinating a partnership approach, do not underestimate the resources and time required to ensure effective communication within the group. Also make sure you consider how to deal with ensuring partners deliver to a consistent standard and how you deal with poor performance. The earlier these topics are considered the better.

In developing a consortia, consider how efficient your plan is. Look to share back of office functions and overheads between the partners so as not to price yourself out of the market place.

### **Sub-contracting with prime contractors**

Increasingly as contracting departments and the resultant services they commission get amalgamated, large companies are winning the management role. In most cases these are large private companies although some organisations, notably The Social Investment Business (formally Future Builders) are attempting to establish third sector alternatives.

Some prime contractors will be actively looking to work with different sub-contractors drawn from the third and SME sectors. Others will consider such approaches on a case by case basis.

For example in the field of worklessness, Serco win large project management contracts and then farm out the delivery of specific individual worklessness interventions out to different third sector organisations. They will carefully control the management and delivery of this work. In the field of waste management most of the big contract winners are experienced at delivering most kinds of waste management service but they will often work with local SMEs and third sector organisations if they can see a specific aspect of the service they need to deliver will be provided at a competitive rate, without them having to invest in its development.

## **5. New policy developments**

### **Personalisation and individual budgets**

In 2007 the Strategy Unit published a report which outlined the governments desire to see people become empowered to take control of the services that effect them. The theory being that this would lead to better outcomes of for the service being provided. This might mean anything from involving service users in service design to giving the user control of the specific budget that pays for their own services.

This approach is being most heavily trialled in the fields of health and social care. A number of trials have happened around the country in both fields, and the government have issued targets stating that all local authorities should be able to offer personalised services to people who want them by 2011. Further work is happening in the fields of learning and skills and supporting people with mental health problems.

In terms of social care, personalisation is likely to be a key aspect of the way services currently commissioned by Supporting People teams within local authorities are commissioned in the future. This will help soften the blow of Supporting People teams being amalgamated into wider local authority commissioning structures.

Personalisation and individual budgets allows small third sector organisations the opportunity to market straight to the client. This should be viewed as an ideal opportunity for many small user lead groups to really attract business, by continuing to deliver the services their type of clients want. Although there are bound to be some issues relating to duty of care and reporting, that may require some kind of preferred provider status, this will enable many people to side-step the commissioner altogether.

### **World class commissioning in health care**

The Department of Health is running a change management process which is hoped will change the way the health service is run, based around world class commissioning. This includes standardising commissioning processes and using standard contracts. Third sector organisations will be able to help plan and design services through the local Joint Strategic Needs Assessment process.

Many aspects of healthcare are also moving towards personalisation which will create opportunities for local specialist support providers.

### **Jobs, skills and training**

The kinds of service related to training provision and job creation are often delivered by smaller providers, perhaps with one organisation acting as a programme manager. This builds on the people centred focus of the third sector and our ability to make a difference to peoples lives and futures.

The way many of these services are commissioned is being changed with the abolishment of the Learning Skills Council and the creation of apprenticeship programmes and both the Young Peoples Learning Agency and the Skills Funding Agency and some roles being taken on by local authorities.

The Department of Work and Pensions and Job Centres have always worked with the third sector to create job opportunities. A key opportunity they are currently running is the Future Jobs Fund which is a job creation programme for young people and people drawn areas of high unemployment. They specifically site the third sector as a potential delivery partner and are open to consortia approaches that will enable smaller organisations to get involved.

### **Public service cuts**

Inevitable budget cuts are clearly a double edged sword, given that a lot of commissioners will feel compelled to ensure the headline grabbing services are provided at the expense of what local groups have to offer. That said, many third sector groups can articulate a case for support which clearly shows how they actually reduce the total expenditure on the public purse.

For example a well articulated healthy eating initiative could show reduction in a huge range of health conditions from diabetes to heart conditions, all of which cost the NHS a huge amount of money. Similarly an offender rehabilitation programme that helps people find suitable employment when they leave prison and supports them in making the transition will make huge reductions in re-offending rates and the costs that implies.

The difficulty for organisations using these arguments is that many commissioners will feel compelled to ensure the delivery of more 'acute services' in the short term over the more long term gains from prevention. It is not difficult to imagine the headlines that might be generated were someone dies because an acute service had been de-commissioned in favour of a more preventative service.

## **6. Is commissioning the right solution for you?**

For some groups, there simply won't be an available opportunity, either because they don't yet have the profile and credibility, or because there are high levels of competition. For others, engaging with commissioning will be quite a big jump and they will need to build their management and delivery capacity first.

### **Social enterprise and trading**

Would structuring your work within a social enterprise model or establishing a trading arm be a more secure way of generating the revenue required to fund your work. This might revolve around the inclusion of service users in a business activity, from landscape gardening to product manufacture. If you follow this model, a much wider market place could be opened up to you including the private sector and local SMEs.

Many charities choose to develop consulting arms to share their expertise to a wider audience. This has the additional benefits of promoting the spread of good practice and respecting the value of our intellectual capital. Small groups should however be aware of the capacity implications of agreeing to provide consultancy support. Clients will expect to get a high quality service if they are paying for it.

A glance at any high street in the UK will show how many have developed retail outlets, as a way of setting up a completely separate business whose profits can be ploughed into the parent charity. Others have set up food retail outlets. There is no limit to what that company might be. One community transport charity, who had an understanding of running and maintaining a vehicle fleet, set up a waste recycling business as this also involved a large fleet of vehicles and they felt their skills were transferable.

### **Asset transfer**

Many local authorities are looking to transfer assets they can no longer afford to manage into community hands. A well considered asset transfer, combined with a sensible business plan can help a group derive income from rent and room hire as well as providing a venue for trading activity such as community café's and charity shops.

### **Grants and fundraising**

Many activities are still eminently fundable, and a resourceful charity should not forget this. A resourceful service delivery charity should continue to keep its eye on governmental, lottery and trust sources. While grant dependency for revenue overheads (unless you have a model which continues to attract huge amounts of public donation year on year) is a dangerous position, grants can enable research and pilot projects, as well as investment in resources that can be used to help keep you at the cutting edge of service delivery and development.

Viewing grants in this way can help establish and build on your credibility, locally and nationally. It will also enable you to generate activities which count as relevant experience in a Pre Qualification Questionnaire.

## 7. Conclusions

Getting involved in service delivery is undoubtedly a challenge for many small groups, and this should not be underestimated. If a group is willing to make the effort though, and tackle development with a 'can do attitude' and a professional entrepreneurial approach, then the opportunities are clearly there. The trick is to tackle your own development in manageable chunks. Use some of the alternatives mentioned above to build your own capacity and keep on trying. A professional approach will attract people's attention.

Most commissioners do realise the sector has plenty to offer. More importantly service users value the way the third sector operates, which will ultimately create opportunities to capitalise on the personalisation agenda.

## 8. Further information

### ACEVO Factsheets:

Library of relevant factsheets including:

- 1) An introduction to Commissioning and Tendering
  - 2) Private Sector Commissioning: Securing Contracts in an Untapped Market
- <http://www.acevo.org.uk/commissioningsupport>

### Research:

IDEA Evaluation of the National Third Sector Commissioning Programme:

<http://www.idea.gov.uk/idk/aio/8195411>

### The Compact:

<http://www.thecompact.org.uk/>

### Developing Partnerships and Collaboration:

BASSAC Collaboration Programme

<http://www.bassac.org.uk/our-programmes/collaboration>

NCVO Collaborative Working Programme:

<http://www.ncvo-vol.org.uk/collaborativeworking>

Voluntary Action Sheffield Training Programme and Toolkit:

<http://www.vas.org.uk/services/procurement/index>

Office of the Third Sector Consortia Guide:

<http://www.cabinetoffice.gov.uk/media/107235/consortium%20guide%20final.pdf>

### Social Clauses:

Office of the Third Sector Guidance:

[http://www.cabinetoffice.gov.uk/third\\_sector/public\\_services/social\\_clauses.aspx](http://www.cabinetoffice.gov.uk/third_sector/public_services/social_clauses.aspx)

DTI Guidance:

<http://www.berr.gov.uk/files/file34323.pdf>

### Personalisation

#### ACEVO

#### Learning and Skills Training and Job Creation:

LSC Third Sector Website:

<http://thirdsector.lsc.gov.uk/>

Future Jobs Fund:

<http://campaigns.dwp.gov.uk/campaigns/futurejobsfund/>

#### World Class Commissioning and the Third Sector:

DH Guidance for Third Sector:

[http://www.dh.gov.uk/en/Managingyourorganisation/Commissioning/Systemmanagement/DH\\_091089](http://www.dh.gov.uk/en/Managingyourorganisation/Commissioning/Systemmanagement/DH_091089)

Supply to Health:

<http://www.supply2health.nhs.uk/default.aspx>

### **Asset Transfer:**

Development Trusts Association Training and Guidance:  
<http://www.dta.org.uk/resources/publications/candoguide.htm>

Community Matters Training and Guidance:

<http://www.communitymatters.org.uk/about-us/whats-new/Community+Assets+Matter+-+News+for+local+Support-providers.htm>

## **9. ACEVO Commissioning Support Helpline**

Contact us for advice and support on procurement and commissioning issues:

E: [commissioning.support@acevo.org.uk](mailto:commissioning.support@acevo.org.uk)

T: 0207 280 4937

