Workshop 3: Private and voluntary sector partnerships

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'How can the private sector, VCSE Sector and commissioners each support this approach?'

Collective answer:

"The private sector could develop an agreed set of ethical standards on how they engage with VCSE partners. VCSE sector organisations could be honest about their capacity to deliver and more open to the requirements of working with the private sector and each other. Commissioners could achieve a full understanding of the market place, what the real delivery costs are and a better balance between quality and price."

There were four sub-questions discussed which moved the group toward this collective answer:

Q1   What do the private/VCSE partners each uniquely bring to such partnerships?

Q2   How does this improve services?

- For service users

- For providers

- For commissioners/procurers

Q3   What are the challenges to such partnerships and how can they be overcome?

- What does the VCSE provider need to do?

- What does the private sector provider need to do?

Q4   What can commissioners and procurers do to help overcome these challenges?

Points made during the discussion included:

•   The private sector brings business acumen and technical resources, including in relation to monitoring and reporting, which could be offered by way of mentoring and capacity-building relationships with VCSE partners.

•   These resources are only available to VCSEs in the individual private sector contractor's supply chain, specifically to those regarded by the private sector as essential to delivering on their own contract with the procurer or prime contractor. The VCSE organisation must be in a position to either deliver the service / quality / price required now or else be in a position to be capacity-built to a specified cost /benefit, depending on how essential/unique the service is, to be able to benefit from being in the supply chain, so there are limited opportunities for this.

- The prime contractor delivers to the payment by results contract but VCSE sub-contractors will/could be paid for service, particularly smaller providers, where putting a PbR contract in place would be disproportionate in cost/benefit terms for both the provider and the prime contractor.

- The VCSE brings trust and relationship with service users that the private sector struggles to build. However, if this is exploited by the private sector, that trust could be lost and the VCSE would be unable to deliver an essential aspect of social interventions. If service users are required to form such a relationship with a voluntary sector employee or volunteer, this could also reduce the effectiveness of the relationship.

- The VCS has a history and tradition of delivering services through volunteers and by providing volunteering opportunities that develop the volunteer and move them towards employment or some other outcome.

  Some volunteers would not be happy to continue volunteering if they thought their time/effort/expertise was being misused to generate a profit for private sector organisations/shareholders, particularly where it could be construed as cheap labour, replacing paid employment, which, ironically, maybe the outcome the private organisation is being paid to deliver.

  The question was raised of how volunteers would know if they were in this situation? Is this more an ethical issue for the VCSEO, whether in their relationship with the private prime or their relationship with their own volunteers?

  Private sector organisations frequently fail to understand, acknowledge or pay the full cost of recruiting, training and managing volunteers. In this respect, volunteers are certainly not 'cheap labour'.

  Need to understand motivations for volunteering, including, in respect of service users that are required to 'volunteer' as part of their programme, which is not volunteering as the sector would define it. If someone is not motivated, or is motivated but not in a place where they can volunteer to help someone else, they will not be able to fulfil the role and will be rejected by the volunteering organisation. This would be to that service user's detriment – setting them up to fail. If an individual is not work-ready, for example, they might not be volunteering-ready, either.

- The VCSE can lever in additional resources, where their service is already funded by a trust or other funder. However, again, while this may be seen as added value, it should not be exploited by simply referring service users to the funded service, without either agreement / additional payment or in large numbers.

- VCSE providers need to know how to better put themselves in the shop window – how do private sector primes find the right local VCSE provider? How could the sector infrastructure organisations and consortia be better brokers in this respect?

- Private sector will find local VCSEs by contact the local authority, carrying out online searches, contacting organisation they already know who might work in that area, sending someone to the area to search out local organisations and ask who else they know, putting on events to attract organisations.

- Any brokerage role, local website advertising interested organisations, would be welcome. In relation to VCSE consortia, there was lack of awareness of the potential/role of local VCSE infrastructure organisations or anything other than the lead organisation model. There was no

reason in principle why such consortia could not have the same relationship with the private sector prime (or sub-contractor) as the private sector organisation had with its own prime contractors.

• The private contractor may be a de facto commissioner of services, particularly in a 'black box' contract. This raises issues of how ethical the prime is in dealing with both service users and sub-contractors. In situations of a strong ethical stance, this allows the prime to personalise the service user's experience by assessing need and identifying the range of services/providers need to 'move her/him on' towards the outcome specified under the contract. Where there is a poor ethical platform, however, black box commissioning can lead to issues, including 'creaming and parking', and raises more fundamental questions about who decides need and, therefore, who decides how it is best fulfilled.

• If 'transparent box' commissioning is introduced, with the commissioner specifying more of the processes as well as the outcome, would this reduce the ethical prime's ability to respond to individual need, for example, by restricting the range of providers, dictating the interventions, etc?

• Ironically, the private sector is largely agreed to be better at collaboration than the VCSE .

This may be because they are more 'hard-nosed' and pragmatic, willing to do whatever it takes to win a contract and then deliver on it in the most efficient and effective way.

They may also be more honest and insightful about their own strengths and weaknesses. VCOs, particularly larger organisations, were perceived as too ready to stray into attempting to deliver services too far from their own expertise, or organisation aims and objectives, rather than working collaboratively with one or more partners who are better able to deliver this part of the service. This may be due to competition being a new phenomenon for the sector, which has fallen into defensive mode, protecting the interests of the organisation, while losing focus on the needs of service users/beneficiaries.

This may be a greater cause of smaller, local VCSEs being squeezed out of the market than a good private prime holding the contract.

• The private sector might also be more ready to adopt novel ways of working if they produce the right outcome, than some VCSEs, which can be too committed to their established practice and ways of thinking.

• The private sector primes could address the competitive issues of providing an ethical relationship with VCSE sub-contractors by developing an agreed set of standards among themselves. This could be further accepted by both commissioners and VCSE providers.

• It was also suggested that some VCOs have relationships with funders and the state, whether local or national, that militate against change and move the focus from the service users' good to the service provider's good. Moving to a new system of commissioning services could shock these organisations out of perceived complacency.

• The VCSE needs to have a better understanding of how to prioritise services towards those most in need, as they are now much less in a position to offer the same level of service to everyone who seeks their services. However, the VCSE may be providing services below the level of assessed need for statutory services, which prevents people from moving into that higher level of need. The outcome might be a two-tier service, with one type or level of service for a contract and another funded by a trust or other funder for other service users.

• VCSE providers need to have accurate pricing available and be able to provide evidence of the outcomes they achieve.

• VCS have been criticised for taking on contracts that are detrimental to the organisation. Smaller organisations seem particularly vulnerable to this. Several larger, more 'savvy' VCOs have rejected contracts, only for smaller, less experienced organisations to take them. This has the effect of driving down pricing for all, giving commissioners/procures a false idea of what can be delivered to what costs and putting organisations (that might be delivering a very good intervention at risk) due to inexperience and lack of information/support/capacity-building.

• There was agreement that in a complex social outcome like 'desistence from offending', it will be impossible to attribute this outcome to any one intervention and that, in fact, only a relevant combination of interventions could produce the end outcome. Therefore, being able to look at intermediate outcomes long a pathway was essential for the prime contractor.

• The prime contractor has a role as an integrator, able to bring these multiple interventions together to deliver a person-centred approach, to 'glue' together a service and take the risk attached to the contract/access the funding necessary to finance it.

• Commissioning needs to be better. Contract management needs to be better. Commissioners have a stewardship role and responsibility to the market and to service users, which can be forgotten, with the contractors – of any sector – assuming, or being awarded, responsibility when things go wrong.

• Commissioners need to develop better bid processes in order to attract bids from VCSE providers, including making the process more proportionate to the size of the contract, developing novel approaches to developing VCSE application processes, perhaps so that some of the same costly process could be avoided for every contract.

• This falls to commissioner's procurement arm as much as the commissioners per se. However, procurers seem to have a poor understanding of the VCSE and their needs in this regard. The commissioning and procurement processes seem to be frequently referred to interchangeably whereas, in reality, the two aspects frequently seem to have little to do with each other.

• Commissioners frequently don't know what range of interventions and providers are available to deliver the outcomes they want. Commissioners should do more to develop their own markets, as this will increase innovation and create more competition and options for procurers in structuring contracts.

• Commissioners and procurers need to have a better understanding of the real costs of providing effective social interventions so they are able to produce better specifications and know better how to weight various aspects and balance quality against price. This would prevent under-bidding, which leads to poor service, poor practice in relationships with sub-contractors and, sometimes, successful bidders going back to the commissioner to request additional funding on threat of handing back the contract, or just handing back the contract, entailing costs and confusion for the commissioner and other providers and a delay or hiatus in service provision.