



This is the ninth of Futurebuilders England's quarterly Commissioning Reviews, and the first since Futurebuilders came under the wing of the Adventure Capital Fund.

As part of the change of ownership, the Office of the Third Sector and Futurebuilders have worked together to develop new systems in order to capture more detailed information on the contracts investees are winning with our help.

Interestingly, this rich new source of information has coincided with the publication of a report from the Public Administration Select Committee that questions the Government's belief in the third sector's distinctive contribution to public service delivery and its impact on improved outcomes for service users.

The need for evidence

The report focuses on the lack of evidence available to support the Government's view. However, a review by Futurebuilders has just shown that, between 1 April and 30 June, our investees alone won a total of 44 public service contracts worth over £7.5million. We hope that, over the next

year or so, it will be contracts like these that help to provide exactly the evidence needed to support the Government's faith in the third sector and its ability to deliver high quality services with distinctive benefits to service users.

Their stories will be invaluable in adding to what Stephen Bubb, acevo chief executive and Adventure Capital Fund chair, describes as 'good evidence from key public services, such as employment support, that the third sector delivers outstanding results to service users'.

Responding to public need

Part of the trick for providers working to secure contracts will be to keep a close eye on Government and wider priorities for service delivery, as well as providing robust evidence demonstrating an ability to meet those priorities.

Futurebuilders recently commissioned a report into the service delivery context for **Guideposts Trust**, a current Futurebuilders applicant that has worked for some time alongside its local Probation Service to provide unpaid work placements for service users.

The report highlighted encouraging developments within the Ministry of Justice. The Ministry plans to increase and improve interventions like unpaid work placements, which it recognises as having the potential to reduce reoffending and provide a degree of community reparation.

This in itself is invaluable information although the fact that third sector providers have traditionally struggled to secure meaningful contracts with offender management agencies means that optimism about developments like these has to be tempered with caution.

However, it is increasingly clear that the most effective third sector providers tend to be those who take the initiative and develop relationships with commissioners based on their understanding of national and regional priorities.

In this case, Guideposts Trust has responded to market intelligence by joining the NOMS National Provider Network and meeting with its local Probation Service to discuss ways to respond to Government priorities and formalise the service it can offer.

It has also embarked on an evaluation of the outcomes of its placement work to date, to help it provide the all-important evidence that will strengthen its case in future contract negotiations.

Making links with commissioners

Elsewhere, Futurebuilders investees are emphatic in their belief in the importance of maintaining strong links with public sector commissioners.

West Yorkshire's **Well Women Centre** has built up an impressive tally of contracts to deliver holistic healthcare to women in a range of settings. These include New Hall prison in Yorkshire, where the Centre has just won a substantial one-year contract to deliver complementary health services to women prisoners. The contract has been awarded by the PCT, which has also given the Centre a larger three-year contract to work with women in other settings.

Well Women Centre manager Nichola Esmond notes that neither contract was won through a competitive process. 'We went to see the PCT, explained the services we planned to deliver and outlined their long-term benefits.

'We've found that commissioners really welcome this kind of proactive approach. It's absolutely crucial to make links with commissioners and show them what you can offer them.'

The Well Women Centre has worked hard, with development support for this purpose from Futurebuilders, to build relationships with a range of commissioners who also include Wakefield Metropolitan District Council and West Yorkshire Probation.

Salford-based **Brain and Spinal Injury Centre (BASIC)** has taken a similar approach to relationship-building. BASIC has a relatively longstanding relationship with Salford City Council, with whom it already holds two contracts and has been invited to tender for a third.

However, chief executive Wendy Edge believes that Salford PCT is also becoming increasingly receptive to approaches from third sector providers. 'We approached the PCT to discuss potential contracting opportunities, and it emerged that there were some doubts about governance and other issues within the sector,' she said.

'But what was really interesting was the action the PCT took in the light of those doubts. Instead of simply turning its back on the sector, it has funded a pilot project involving six local providers, with an emphasis on evidence gathering and

outcome measurement, to help inform its future commissioning policy.

'To us, that looks like a very positive approach that could result in some real opportunities for third sector providers in Salford'.

Niche provision

Another important strength of Futurebuilders investees is their ability to identify gaps in existing provision and provide services that are not otherwise available in the public sector.

London-based **StreetVibes Youth** is an organisation that has been able to grow significantly within a relatively short period thanks to its ability to provide effective alternative education to young people who are not well served by mainstream education.

StreetVibes Youth uses music and the creative industries to re-engage young people in education and has built up an impressive body of evidence demonstrating its effectiveness in radically improving both educational attainment and social engagement.

'We've been able to provide a service that meets a real need that wasn't being met before', says managing director Sonia Ramanah.

'This has made it much easier to win contracts than if we had been competing in an overcrowded market'.

StreetVibes Youth has just won a substantial two year contract with the Learning and Skills Council, alongside its growing body of contracts with the London boroughs of Lewisham, Southwark, Lambeth and Greenwich.

The ability to provide specialist services within a niche market has also benefited **International Care Network**, which responded to a Home Office consultation asking for views on care for unaccompanied asylum seeker children in 2006. The Network proposed an alternative model of care that would help prepare the children emotionally for the possibility of return.

As a result of International Care's response, the Home Office brokered an arrangement with the London Borough of Croydon (the largest corporate parent of unaccompanied minors seeking asylum) whereby International Care now delivers care under a substantial spot contract for boys coming to this country from Afghanistan. This is a pilot project that will run for 2 years.

Meeting the cost of tendering

International Care Network's success in winning this contract came at the end of a protracted period of consultation and negotiation – which can take up the valuable time, resources and energy of third sector organisations.

Futurebuilders is aware of the burdens tendering can place on organisations competing for public sector contracts; and it was this awareness that led to the recent creation of the Futurebuilders Tender Fund.

The fund is a £1m interest-free loan fund to help third sector providers win contracts where prohibitive tendering costs would otherwise make it difficult for them to bid. National learning support charity **Dyslexia Action** recently became the first third sector provider to benefit from the new fund, with a £20,000 three year loan to fund a bid project manager's post for 6 months.

Dyslexia Action is part of a consortium aiming to become a lead provider under the Flexible New Deal scheme that provides support to people claiming Job Seekers allowance. It hopes to obtain contracts of £500,000 to £1m as part of the consortium, but needed a project manager to work up its part of the bids.

'We were in a situation where there were

contracts going out to tender that we had a realistic chance of winning, but we needed a project manager to put our bids together', said chief executive Shirley Cramer. 'The Tender Fund investment was exactly what we needed'.

Interventions like the Tender Fund, alongside the launch of the National Programme for Third Sector Commissioning's '2000 Commissioner' training programme and the growing confidence of many third sector providers in their ability to win and deliver public service contracts, are all part of a significant sea change in the public service contracting environment.

However, the battle is by no means won. The reports like the recent Public Services Industry Review from the Department for Business Enterprise and Regulatory Reform (BERR), make it clear that there are still problem areas that need to be addressed before the third – and private – sectors are operating on an equal footing with the public sector when competing for service delivery contracts.

The report recommends changes that include, for example, pre-qualification and bid criteria that do not unnecessarily restrict external bidders. It also recommends that information on current service levels and costs should be available as a matter of course to potential

bidders 'to avoid favouring incumbents'.

Each of these have been identified for some time as barriers to successful tendering by the third sector, and it is significant that a report published in July 2008 should still be identifying them as problem areas.

However, while there is clearly still some way to go before public service delivery is truly open and accessible to providers from every sector, there are also clear signs of progress, not least in the steady gains being made by Futurebuilders investees bidding for public service contracts.

It may be true, as the Public Administration Select Committee report point out, that 'Despite the emphasis given in government publications to involving the third sector, only 2% of public service spending is on third sector delivery'.

It is certainly true that some of the 44 contracts won by our investees in the last quarter have been the result of protracted negotiation.

Overall, however, their success in winning contracts and building relationships with commissioners suggests that the tide is slowly turning and the third sector is making steady progress towards becoming a significant player in the delivery of public service contracts.

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