Welcome from the chair, Chris White MP

Annual General Meeting

- Voting members: Martin Docherty MP, Susan Elan Jones MP, Lord Shinkwin, Chris White MP, John McNally MP
- Susan Elan Jones MP, Chris White MP, Lord Hodgson of Astley Abbotts and Baroness Pitkeathley were voted to continue as co-chairs
- Martin Docherty MP and Dr Paul Monaghan MP were voted to continue as vice-chairs
- Lord Shinkwin was voted to continue as treasurer

Speakers:

Kathy Evans, CEO of Children England.

- Children England (CE) was founded during WW2 in partnership with government to prepare for peace, so is an organisation rooted in public services. Children’s charities have always played a significant role in public services, but in the last 30 years there has been a shift to viewing them as market contenders, not a public duty. The discovery that charities are the perfect and duty-bound partner for providing public services with government is concerning.
- We are concerned for the sector ecosystem, as most organisations have neither capacity nor interest to bid for public service contracts. These organisations play a crucial role in providing early intervention services. Looking at the recent report into the state of residential childcare, only 2% of children’s homes are now run by charities, down from 75%. There is very little strategic investment in what children need.
- Providing public services has become unsustainable for children’s charities, who lost £150m in government income in 2012/13 alone. Those organisations who didn’t directly receive this income are still effected, through rising demand and reduced investment in early intervention.
- Charities shouldn’t be subsidising the public service budgets, yet the top contracting organisations make a loss of 11% on public service contracts. Charities should not be made to compete on a level playing field with the private sector, they are not the same. Small, loving organisations are a garden to be nurtured not a playing field to be levelled, but forcing them in to a market changes what they are.
- There should be collaboration between charities and the public sector, not a relationship where one takes over from the other, and handing over the management and responsibility.

Jocelyn Hillman, founder and CEO of Working Chance

- Working Chance (WC) are a specialist recruitment for women with convictions, set up as a response to a gap in public service provision for female offenders. WC are motivated by a
passion for improving the public service that rehabilitate, which were in need of a new approach. For the good of society these women need to work and provide for their children.

- WC endeavour to be part of public service contracts and hopes that by being on the inside they are able to influence how contracts are developed. The wrong services were being provided; many prisons still train women to be hairdressers- the world doesn’t need more hairdressers, these women should be trained in business administration.
- We provide public services because we think it is only fair that we get paid for what we do. We provide a saving for the taxpayer and help people by creating social mobility. Governments and think tanks give us awards, but they don’t then use our learning or embed our practices.
- The increase in large scale contracts has increased our costs, as it is costly finding a route in to the supply chain. Larger contracts don’t equal better services. Only 10% of the Transforming Rehabilitation contracts are payment by result (PBR), the other 90% is service delivery, so the prime contractors aren’t interested in providing the PBR component, which stifles innovation.
- Our work outside of the system is a bargain, but is unsustainable for WC. Our work is being squandered and the problem is systemic, not down to individuals. Success would be getting full cost recovery payment, without compromising the scope or quality of what we do.

Cllr Sally Gimson, former cabinet member for adult social care and health, Camden Council

- Camden give more direct funding to the voluntary sector than any other local authority. it was once £14m, now £5.1m. Camden up until last year were funding 200 organisations, generally through small project funding, core community centre funding, or rent relief for community centres on council property.
- With a smaller budget Camden looked to build a more strategic relationship, to use the voluntary sector to make outcomes better for residents, and to enable the voluntary sector in Camden to fend for itself in the future. Investigation found money was not focused on the need, but disproportionally focused on the most vocal groups, or areas with swing voters. We were often funding organisations not because of their work, but because we had always funded them.
- We sought long-term relationships, focused on outcomes not specific deliverables. We mapped investment zones across the borough and allocated funding based on their deprivation. Successful grantees receive funding for seven years, giving them the stability to radically change outcomes. The grants asked for outcomes, not tasks to be delivered, and these outcomes were based on each areas deprivation in terms of child poverty, loneliness etc.
- We will monitor these grants lightly, hoping to build capacity in the organisations to allow them to bid for public service provision in the long run. This arrangement allows them freedom to use the money as they see fit, and hopefully the combination of local knowledge and long term stability will lead to innovation.

Mark Simms, chief executive of P3

- P3 aim to end social exclusion in all its guises; criminal justice, homeless young people etc. Nationally P3 is a small public service providing charity, regionally they are large. Annual income of £20m, 700 staff, 400 volunteers. Since austerity the landscape has changed massively. P3 made the decision to assume things will get better or close- they won’t compromise on service. My advice would be that it isn’t all rosy, but organisations can afford to stand by their principles a bit more when entering this market.
- P3 have been able to diversify income rather than do more with less, bringing in social enterprise funding, working with primes, corporates and SIBs. P3 have many masters and are slave to none. P3 were an early adopter of SIBs. They can be positive as you are able to prove the worth of your work, but they are risky as they are 100% PBR. Unfortunately, setting the measurement metrics can sometimes be more important than the actual delivery.

- Volunteers are the powerhouse of the voluntary sector, but there is a misunderstanding that volunteering costs nothing- delivering volunteering is expensive. P3’s 400 volunteers transform what it is we are able to provide, and we luckily have a full time volunteer volunteer-manager.

- All of the regions that voted for Brexit by some margin are areas that face high levels of social exclusion. Of the areas P3 works in only Kensington voted remain. We need to consider social cohesion; are we as an organisation are listening and are people really being heard?

Q&A

Chris White MP: What do you think about co-design of contracts with bidders?

- KE: Co-design and co-production comes down to dialogue between practitioners and service users about what they want in their life. Social work has always looked to help with someone’s whole life, not just provide alms. We have moved towards a system that prescribes programmes that don’t give leeway for individual’s needs. It is over simplistic to say charities can do things better than public servants- charities can provide unique services, but we also need strong a public sector providing civic leadership with clear duties.

- SG: When services are contracted out, the responsibility is contracted away from the public servants/accountability too. When accountability becomes removed you can lose innovation because it becomes a box ticking exercise, and people become risk averse.

Chris White MP: How do you become aware of the public service contracts? Are you healthier providing them?

- MS: We could see that the 5% of services in these contracts that were PBR would be ignored. We went to all of the primes and provided them a solution. We got a mixed reception, but being bold paid off. Governance can be difficult for charities looking to enter the market, as it requires a different format from ‘money in, money out’; you now need to build up reserves to fund a team to win contracts. P3 are a leaner organisations than before 2009, and commercially more aware, more focused on innovation. We provide services, to create a surplus we can use to provide other services. This is a model that works for us.

- JH: It isn’t cost effective for Working Chance. Often the large charities will hire their own staff to provide the service at less cost, but whether that is a better service is a different question.

Chris White MP: What does social value look like to you?

- SG: We should aim for higher social value when looking at Public service provision. When contracts are handed to large charities outside a local area no-one looks at the impact of this. People buying the services should look at what could have been gained by using local services, creating local jobs, sustaining local organisations and contributing to a more cohesive community. Rather than try to keep providing the same services with less money we need to be more creative.
KE: Camden is setting an important example of what can be done. You can’t underestimate how much of a difference you can make by committing to seven year grants, even if income is slightly lower annually. Currently the amount of time spent on routine funding work is massive.

Anjelica Finnegan, Charity Finance Group: GPs are prescribing people to local charity services, but without a system in place to look at how these organisations are adapting, what services the state is providing and what needs to be provided.

KE: Foodbanks are a great example of people not receiving the help they need - no one in involved in foodbanks thinks it is an appropriate or sustainable way to help. This kind of prescribing is great at involving more people who may be able to help. Some people are being referred properly, but often it is chaotic, and this shouldn’t be being done wholesale. People are desperate and the inadequacies of the public offer are leaving children in danger. It is wrong for charities to be seen as being there in perpetuity without a proper plan in place.

SG: When you cut back on services, particularly mental health services, people will start to turn up anywhere they can. The public sector isn’t providing enough specialist services, problems aren’t picked up early and children are appearing in crises. Charities can’t make up for the lack of statutory services.

JH: Almost everyone who comes to WC has PTSD and wants counselling, but what they will be provided with is inadequate. We have worked out a way that they can get these services, in partnership with trainee councillors, but this pro bono service isn’t sustainable.

KE: We need to invest in social infrastructure to be ready to deal with people not just today, but in 10 years’ time. There are many workforces with crises approaching- social work, child care, teaching etc. We need to invest in the bricks and mortar of our social structures, to train people who will view these jobs as professions and a craft.

MS: Charities ask for more money, and bid to deliver more contracts, but complain when they are treated as delivery partners. We’re not just public sector outsourcers and shouldn’t join the race to the bottom for cheaper services, but organisations should view themselves both as a business and a charity.

Nick Davies, NCVO: One of the key lessons from Rotherham and other successful social prescribing schemes is that it only works if services are funded for referrals they receive.

KE: We need to invest in social infrastructure to be ready to deal with people not just today, but in 10 years’ time. There are many workforces with crises approaching- social work, child care, teaching etc. We need to invest in the bricks and mortar of our social structures, to train people who will view these jobs as professions and a craft.

MS: Charities ask for more money, and bid to deliver more contracts, but complain when they are treated as delivery partners. We’re not just public sector outsourcers and shouldn’t join the race to the bottom for cheaper services, but organisations should view themselves both as a business and a charity.

Chris Wade, NCVO Trustee- Innovation is most valuable when you are cash strapped, but councils don’t want to take the risk. How do we enable decision makers to take risks on unknown outcomes? Some of the problems we could fix are ones as yet undefined.

MS: I have seen a refreshing commissioning model; they said they have X money, and were aware it wouldn’t fix all the problems, but asked how much of it we could fix. One private bidder failed because they said they could deliver it all and the commissioners knew it couldn’t be done for the money.

KE: The public sector are the most able to shoulder risk. They will be around for 50 years, they take on obligations to children for their lifetime and they get sued to high heaven, so are used risks. Currently their main risk is from a media which only sees fault, not risks from service redesign. Charities need to support colleagues in the public sector who take risks, and stand with them against negative publicity. We focus too much on innovation, but certain services we
should just always be ready for what is needed to deal with orphans, grief or heartache doesn’t change- the Samaritans don’t need to innovate, they should just be there.

- MS: You can’t wheedle out all cost through innovation, as costs tend to be the people. Our local authority wouldn’t award contracts worth more than 30% of turnover, as this was too much of a risk, which excluded small local organisations. We ended up bidding for them, and passing on 100% of the work, meaning the risk was shifted from the local authority to P3.

- SG: We need to accept that some things will fail. Longer grants allow organisations to use the money as they wish; they can make plans for failure with some of the money. If every aspect of delivery is commissioned you can’t fail, and you won’t bid innovatively as you can’t afford to fail.

**What do the speakers think the impact Brexit will have on their organisation?**

- MS: The areas that voted leave have serious economic challenges. We have started listening projects in those areas, to discuss local EU-funding that is at risk, but people have told us this isn’t their reality, they don’t see any funding. We need to let them know that our sector has been around for hundreds of years and will always be on their side, whoever our funding comes from. We now have an opportunity to build bridges with people who haven’t had a voice.

- SG: From the perspective of the council, we have no idea what income we will have or where it is going to come from after Britain leaves the EU.

- KE: Councils and housing associations have been impacted by the cut in credit rating. Pension deficit liabilities could ruin charities. The future has become more uncertain for organisations, some of whom still hadn’t found their feet since 2009. Overwhelmingly young people voted to remain, how do we discuss with children the country they will inherit?

- JH: Working Chance provide our model to organisations both in and out of the EU. We hope the outcome of Brexit will be more collaboration and more learning to make services more effective.

**Next meeting of the APPG**

Title: Young people in voluntary action

Date: October

Location: Houses of Parliament

Contact woody.faulkner@NCVO.org.uk for more information, or to register your attendance.