

Strategic Context

12,000 frontline organisations active in a very diverse sector, whose structure mirrors that of the Kent and Medway business community:

1. Small, volunteer-led organisations (£0 - £1,000)
2. One-staff member groups (£1,000 - £10,000) – grant & donation-dependent **AT RISK**
3. Micro-organisations (£10,000 - £25,000) – grant & SLA-dependent **AT RISK**
4. Social SMEs (£25,000 - £500,000) – grant, SLA & tender-based income **AT RISK**
5. Large ventures and national charities (£500,000 +) – grants, tenders and other traded income **AT RISK, BUT RESILIENT THROUGH DIVERSIFICATION**

The small to medium-sized Kent and Medway third sector organisations are at risk from themselves (a reluctance or inability to adapt to the new commission-based environment), from their more commercially-minded peers and from commercial competitors with the resources and capacity to secure public service contracts – who appear a more reliable option for procurement staff.

Kent-based research shows that frontline organisations are ill-equipped to play a prominent role in the delivery of public services without significant intervention:

1. Working Connections

Bring commissioners, procurement staff and frontline organisations closer together. Commit to and resource a single, independent point of access to the sector, which actively reduces the distance between strategic partners and frontline service delivery in order to drive joint-working and mutual support.

2. Impact-based Strategic Framework

Develop an authority-wide impact framework, against which deliverers can measure core impacts and value-adding impact. This establishes impact overlaps, complementary social value and a more cohesive and client-focussed delivery of services.

3. Impact-based Commissioning vs Output-based Procurement

A system where experts are told how best to deliver a service by non-experts seems a nonsense and is the product of a lack of quality co-design. The solution – invest in talking directly to us, not via “infrastructure” partners and move away from the misconception that a single voice can represent the diverse and complex sector. This communication does not always need to be face-to-face – modern technology simplifies mass two-way communication and is a cost-effective alternative.

4. Consortium Leaders

Consortium formation and leadership is being mystified within the sector and because of this viable consortia are not being formed; leaving smaller deliverers to be sub-contracted by larger third sector organisations and public service companies, such as Serco, G4S, Avanta, Interserve etc, who provide a practical opportunity for joining a consortium, ie. being sub-contracted by them. The evidence of the London work programme demonstrates that this model of consortium engagement puts small, vulnerable frontline organisations at increased risk of closure due to: crippling cashflow, prime contractor creaming off the low-hanging fruit and frontline organisations being sub-contracted to only work with the hard-to-reach/challenging/vulnerable.

5. Sector Governance

At a time when strategic minds are needed to steer organisations through the challenges of a commission-based landscape a large number of trustees and board members lack basic commercial sensibilities and drive to make a positive impact. Board development and new trustee recruitment are imperatives. Boards are also highly risk averse and place internal limits on the abilities of organisations to undertake more commercial activities.

6. Business Development Capacity

The majority of the sector does not have access to dedicated business development resource. Building capacity in this area is time-consuming, tender submission is time-consuming and daunting. Many smaller organisations are not able to commit the resource to this as meeting the needs of their clients is always their priority.

7. Intra-Sector Networking & Peer Network Development

Insufficient resource allocated to developing the sector's internal linkages. Infrastructure organisations are putting too little time into sector-led consortium development. Maybe because many of the infrastructure organisations are also frontline deliverers and don't want to foster competition from their peers.

8. Commission-Specific Capacity Development

In 2012 Suffolk County Council invested £150,000 in supporting its third sector public service deliverers to develop their bid-writing, tender preparation and business development capacity; to increase their chances of securing public service contracts and to equip them with the resources to survive if they failed to secure public service contracts.

9. The Match Funding Myth

Third sector organisations do not automatically have access to funds to supplement the value of under-monetised public service contracts. This dangerous myth (allied to the perception that there are armies of capable volunteers willing to give up significant amounts of time and expertise) must be quashed.

10. Market Intelligence & Ongoing Consultation

A recent online survey asked the simple question, "Does your organisation feel connected to its strategic partners?" Over 70% responded with a "No". A small number of well-organised sector engagement events throughout the year, supplemented by more frequent online consultation activities will provide valuable insight into community-level intelligence.

11. Social Value built into contracts?

Ensure that public service companies winning contracts collaborate with frontline third sector organisations by including auditable social impact results in each contract.

12. Ethical Leadership

Some smaller organisations will only get involved in the commissioning agenda if they are led into it by a lead organisation they trust and who manages consortia ethically, without competing for delivery, drives up the quality of service delivery, ameliorates financial risk and seeks to build capacity.

In simple terms, commissioning has created a highly competitive marketplace, which a large number of frontline organisations are ill-equipped to break into. As a result KCC is failing to commission or procure from expert, well-established frontline delivery organisations. The simple solution is to create a commissioning process which targets social value and to invest in dedicated infrastructure services which inform, inspire and lead frontline organisations to more-effectively engage with the commissioning agenda.

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