

Audit Commission

WMRO presentation 26 April



The role of the voluntary and community sector in public service delivery

Stuart Deaton – Audit Commission

Presentation to WMRO seminar on research in the VCS

26 April 2007

Today's presentation

- Background to study and methodology
- Main findings
- Research challenges

Background

- Over the past decade, the Government has consistently promoted the VCS' potential to transform public services
- This policy drive is predicated on the existence of two separate, but linked, effects on cost and quality that may be attributed to the increased involvement of the VCS in service delivery:
 - the competition effect; and
 - the supplier effect
- We looked at the extent to which current commissioning practice by councils enables them, through these competition and supplier effects, to generate positive benefits for service users and taxpayers

Methodology

- Extensive review of policy documents and academic literature
- Analysis of existing quantitative data
- Semi-structured interviews with over 100 key actors in 14 councils in England

Main findings and conclusions (1)

- We found much rhetoric on the impact of commissioning practice on:
 - competition
 - a perceived detrimental impact on the size and diversity of the VCS and on competition, both within and between sectors, for local public services
 - suppliers
 - a perceived failure to take into account the “added value” that VCOs bring to public service delivery
- We found little empirical evidence to support either side of either debate

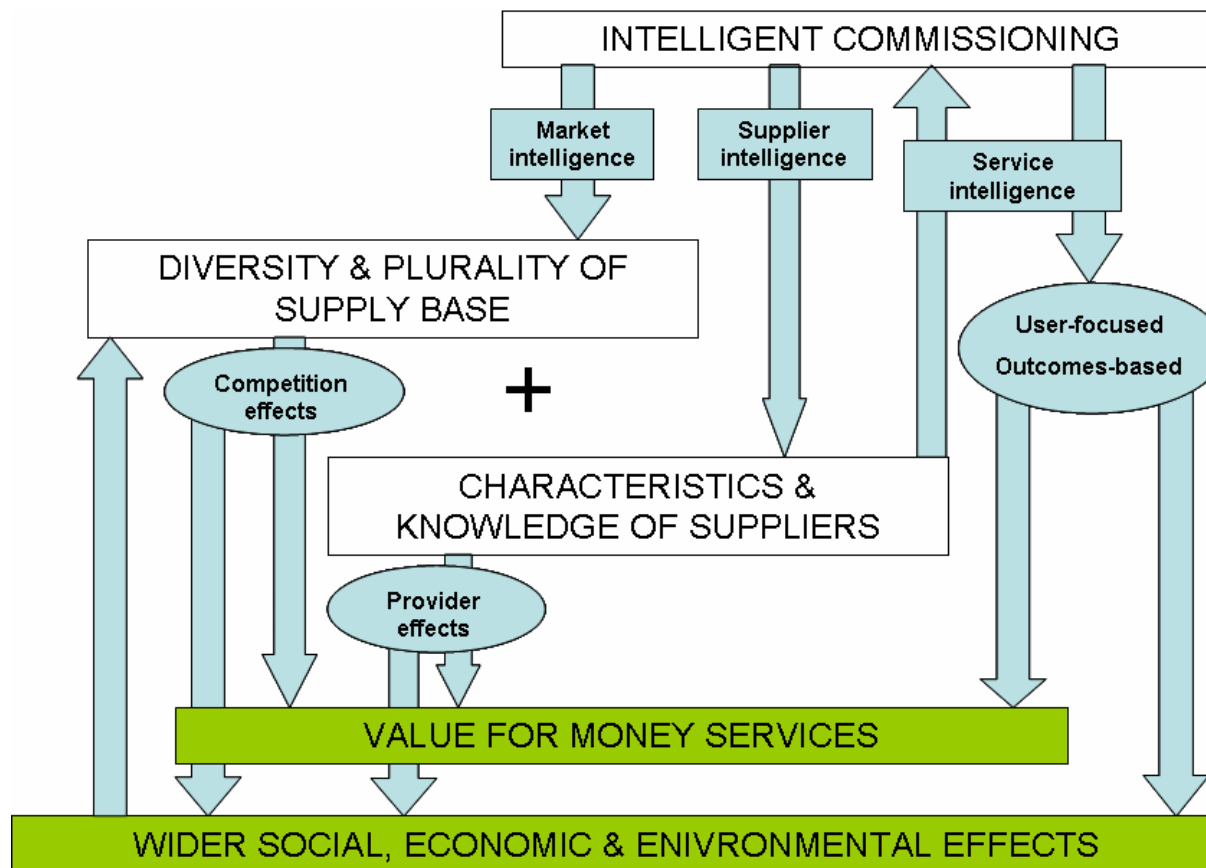
Main findings and conclusions (2)

- Aggregate assessments of the relative merits of the public, private and voluntary sectors in respect of their public service delivery capability are neither feasible nor helpful, because:
 - there is likely to be more variation in service cost and quality between providers within the same sector than there is at an aggregate level between the sectors; and
 - individual commissioning decisions should not be taken on the basis of such aggregate assessments

Main findings and conclusions (3)

- Intelligent commissioning, rather than special treatment, is the best way to ensure that councils secure value for money services from the VCS
- By intelligent commissioning, we mean:
 - developing a greater understanding of service requirements and the potential supply market;
 - having regard to longer term social, economic and environmental impacts of commissioning decisions;
 - developing a more user and outcome-focussed approach
 - assessing VFM on a whole-life cost basis; and
 - using the most appropriate, and sustainable, funding mechanism

Intelligent commissioning



Research challenges

- Lack of common understanding of key concepts
- Competition effect - lack of data on the size, composition and income of the VCS
- Supplier effect - difficulties associated with measuring value for money

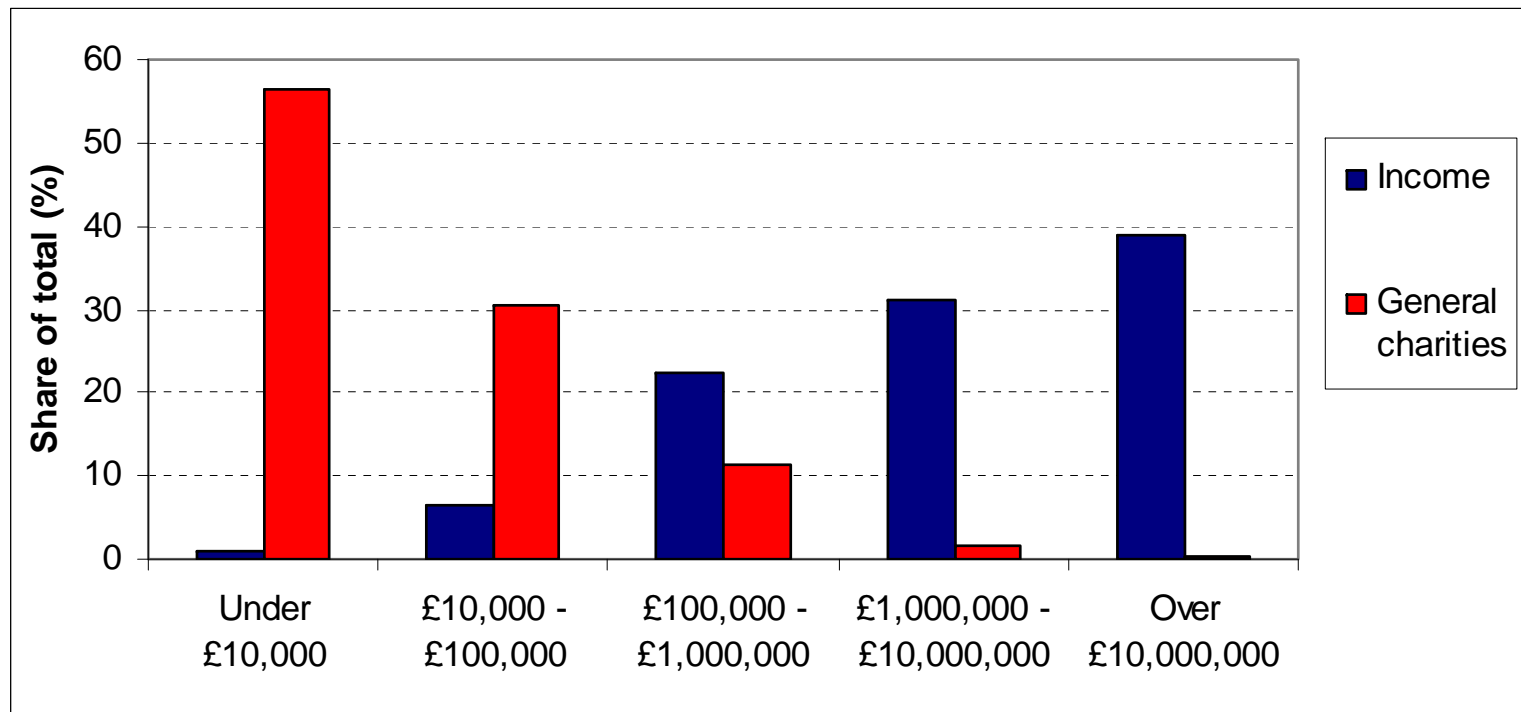
There is a lack of common understanding of key concepts – “added value” case study

- Council officers tended to refer to “added value” in monetary terms:
 - financial leverage
 - volunteer labour
- Voluntary sector representatives tended to refer to “added value” as organisational characteristics:
 - innovation
 - user-focus
 - flexibility

Robust data on the size, composition and income of the VCS are scarce

- We have data on the overall income distribution of charities...

(distribution of charities and income, UK, 2003/04. Source: NCVO)

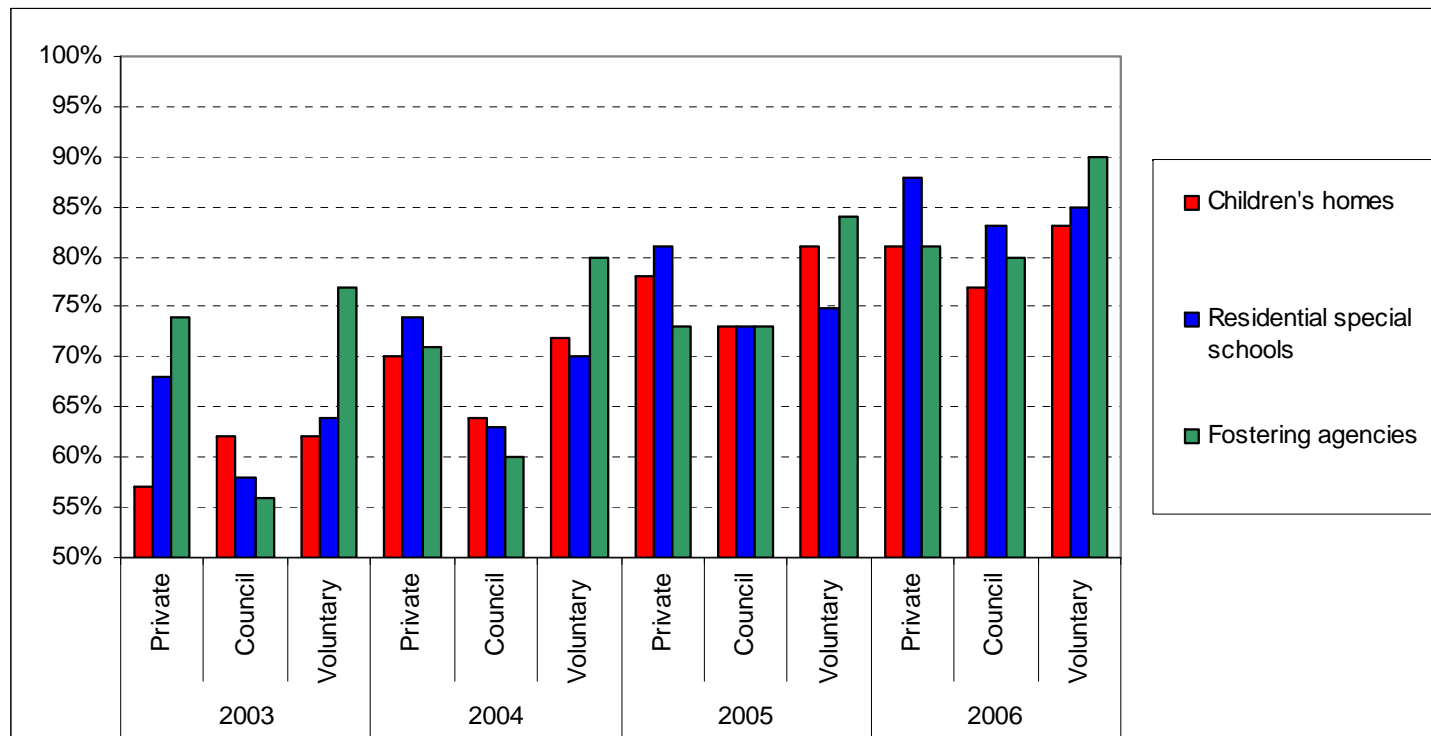


Robust data on the size, composition and income of the VCS are scarce

- We do not have robust data on:
 - the proportion of charities' income from grants and contracts;
 - the proportion of contract income that is received from local and central government;
 - the number of VCOs with contract income, and the composition of that group; and
 - types and level of income for non-registered charities and other elements of the wider third sector

There are many difficulties associated with measuring the VFM of different providers

- We have some data on the relative quality of services by sector...
(% children's services meeting national minimum standards, 2003-6. Source: CSCI)



There are many difficulties associated with measuring the VFM of different providers

- ... but meeting minimum standards does not guarantee a quality service...
- ... we are probably comparing apples and pears...
- ... there is no assessment of relative cost...
- ... nor of the wider social, economic and environmental effects of commissioning services from particular providers... and, ultimately...
- ... aggregate assessments of relative quality by sector are not helpful when making individual commissioning decisions

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