

Contracting and agreements with the SSD

Contracting and Agreements with the SSD: A Voluntary Sector View

Tom White

Principal and Chief Executive, National Children's Home

The roots of the ideological clash in the 1980s which surrounded contracting are well known. The New Right sought to persuade us that public provision was inherently inefficient, driven by self-interest and out of touch with consumer preference. In short, 'public' was bad and 'private' was good.

The Left attempted to resist what it saw as an attack on the fundamental principals of the welfare state and local democracy, resisting cuts and demanding more resources. But this response, however well-intentioned, proved insufficiently imaginative. The justifiable defence of the provisions of public service – of equity and access – tended to be seen as a misguided defence of the existing form. The Left failed to realise that people's day-to-day experience of state institutions was very often one of alienation rather than support.

To accept this depiction of the state's unresponsiveness to the consumer is not however to concur wholeheartedly with the critique of the New Right. Indeed, the rhetoric of 'choice' and 'efficiency' helped to conceal the unchecked growth of central state power and the reality of declining funding during the 1980s.

It is not my purpose today simply to unpack the ideological baggage. But I believe it is helpful to remember that these were the parameters of the debate for much of the last decade. We can then appreciate that some of the political heat has abated as we move towards a more pragmatic assessment of the 'contracting culture'.

It is important to register that we are only at the beginning of the transition to contracting for welfare services. Many authorities have

expressed their intention to move towards greater use of contracts. Nevertheless grant-aiding is still the predominant relationship with the voluntary sector. And, according to the AMA, in those areas which have developed contracts and agreements, the end result has often been distinctly similar to that which went before. This is hardly an indication of the injection of creative thinking which was expected from the shift from an 'applicant/donor' to a 'purchaser/provider' relationship.

Little may have changed so far. However, the implications of the 1989 Community Care White Paper and the Children Act – influenced by the health service review – are that it will. A key feature of the government's thinking over the last decade has been the primacy of family, voluntary and market services. Following this approach, it is clear that the government intends to restrict social services to a defined field of operation. This is likely to be the vulnerable and dependent who need special protection, in particular children who are at risk, people with learning difficulties, physical disabilities and mental illness and certain groups of elderly people.

If this is where we are heading, what does it mean for statutory and voluntary organisations? What will be the problems and opportunities we will face? How will we be able – together – to forge a positive agenda, avoiding the danger of 'fragmentation' between agencies?

I make no apologies for responding to these questions from the standpoint of National Children's Home (NCH), a large national voluntary organisation. I concur with Denise Platt that contracting may well affect large national and small local voluntary bodies differently. I share the concerns that have been expressed about the future of the latter, especially regarding black and minority ethnic groups.

It has been suggested that large voluntaries are like pikes, eager to swallow the first minnow that happens along. The analogy is false. We have no aversion to the occasional meal, but we are rightly quite choosy eaters. If we are asked to take on more work, we will first consider carefully the basis of our involvement.

In my judgement, however, the fears of the small voluntaries that they would be undercut in 'contracting' arrangements by large voluntaries is unnecessarily exaggerated. In many cases they are undertaking a role which the large 'professionalised' voluntaries would not wish to undertake and they will anyway often be

surprisingly competitive, not having to carry the ‘on costs’ of regional and national organisations which are a necessary burden for a large voluntary organisation providing services throughout the nation.

One of the problems of talking about ‘voluntary organisations’ in an all-embracing way is that it hides the very wide differences within the voluntary sector, not just between large and small voluntaries but perhaps, more importantly, between those that would more properly be described as NGOs – Non-Governmental Organisations – totally dependent on public funding and those that have a substantial charitable income base.

Clearly, the latter can exercise greater independence of action and if properly managed, as most are, will have determined their own strategic objective which will often involve working in partnership with local authorities. Certainly from my position in NCH, we have a well developed system of 5 year strategic planning which identifies the areas – service delivery and geographical – in which we would want to work. We identify, too, the kind of style of service provision we want to engage in, and seek partnership arrangements within the context of our broader planning.

This kind of development allows the traditional strength of the voluntary sector to blossom – for flexibility, innovation and advocacy are very much part of our strategic plan.

This sits very uncomfortably with the traditional view of competitive tendering. Indeed NCH and, as I understand it, the other four large child care voluntaries – Barnardos, NSPCC, Children’s Society and Save The Children Fund – have all indicated that we will not respond to requests to bid for contracts, where the specification has been determined solely by the back room boffins in the contract office of the social services department.

Such contracts, with their detailed specification, may be appropriate for road construction, where materials and design can be scientifically determined, or for street cleaning, where standards can be set and monitored, but not, in my judgement, for the kind of human services that we are engaged in.

NCH runs more family centres than any other agency; we run more Replacement to Custody schemes for juvenile offenders; more conciliation schemes; more treatment services for sexually abused children; more residential child care than any agency in the UK, statutory or voluntary. There is an enormous amount of experience on

these and other child and family services locked up in our organisation and indeed, in other voluntary child care agencies. That expertise must be utilised in drawing up the plans for any new schemes in which we are to participate. Specialist agencies will have a lot more experience in virtually every field than any one local authority. What we need for good services is a proper exchange of expectation, experience and expertise between voluntary organisations and social services department: a genuine debate about the best way to meet the specific operational objectives for a particular project or service. It is that kind of partnership that can best serve clients' needs – that constructive debate must take place in drawing up the contract between voluntary organisations and social services departments. Each must be open to the other's ideas in determining the partnership objectives, monitoring arrangements and so on.

This is not to deny the importance of cost – or indeed of competition – but we must find a way of ensuring quality is also an important component in any contract and that any final specification, while remaining the responsibility of the purchaser, in our field, can properly be influenced by the provider. There is a lot more work to do to get this right, particularly in tackling the question of the quality issue in any competitive tendering system. It reminds me of a story attributed to John Glenn when he returned from the first manned space flight. A reporter asked what was the biggest danger in space travel. Glenn answered that it was being hundreds of miles above the earth in a ship made up of 50,000 component parts each purchased from the lowest bidder.

There are also other important organisational issues to be faced. It is important to avoid putting voluntary organisations in a position where they have insufficient infrastructural support for the work they are trying to deliver. One answer to this is that the core funding which provides security for many groups needs bolstering and I was pleased to see the finding of the recent *Efficiency Scrutiny of Government Funding of the Voluntary Sector* that 'core funding is a cost effective way of supporting voluntary activity'.¹

While we are told that the report (produced from the Home Office) has been accepted by Government, we still find individual departments acting directly contrary to its conclusions. The Department of Health still appears to be determined to reduce 'core funding' which meets the central administration costs for many

voluntary organisations – although let me make clear this is not special pleading, for NCH does not get help in this way for its main activities. Department of Health politicians appear determined to reduce core costs in Section 64 funding to allow them greater freedom to fund annually new initiatives.

Many voluntary organisations feel as much under ‘siege’ as poll-capped local authorities. The recession has led to reduced giving by individuals and the corporate sector. Formerly publicly financed services are being instructed by government to compete for charitable donations – schools, hospitals, universities, theatres, art galleries, are all becoming very much more efficient at fund-raising.

In this climate, with pressure on charitable donations and the actuality of reduced support from local government because of their financial pressures, many voluntary organisations clearly welcome the idea of contracts for service which cover a reasonable period – (three to five years gives a far greater degree of stability from which to plan and manage provision effectively).

Involving the consumer

Let me say a few words about consumer involvement, as I see this as an absolutely crucial component of quality in the planning and monitoring of services. If we can address this element effectively, I believe we can begin to tackle the unresponsiveness of public services which I highlighted at the beginning of my presentation.

Voluntary organisations are often applauded for their proximity to users and their advocacy on their behalf. In my view, not only must this continue at local and national level, but we must give real substance to ‘empowering’ people within our services and within their own communities. (I should mention that NCH has recently reached agreement with Barnardos that we will pay for a Barnardos member of staff to provide an independent clients’ rights service for NCH.)

Deakin and Wright² establish a useful set of criteria which would need to be satisfied to strengthen the position of consumers. These are:

- Accountability
- Representation and participation
- Information
- Access

- Choice
- Redress

Making these criteria central to the structures we set up will not be easy. We will need to answer many questions on the way: Who are the current and potential consumers? How will we resolve conflicts between consumers, carers and the authority? What kind of information will consumers need to have and how will it be made accessible to them? Most critically, what is the difference between consultation and participation, and in what circumstances will each be appropriate?

I have insufficient time to attempt to give adequate answers, but before I leave this topic I draw your attention to one caveat concerning the future advocacy role of the voluntary sector. It is vital that there is an acceptance by statutory services that voluntary organisations – even those engaged in the provision of services on a contract basis – will continue to have a responsibility for advocacy for their clients at both a local and national level.

Up to now I have concentrated on the relationship between voluntary and statutory organisations, but I am afraid this is not all the future holds. What is heralded in the Griffiths report³ is not just a mixed economy in welfare, but further privatisation:

The onus in all cases should be on the social services authorities to show that the private sector is being fully stimulated and encouraged and that competitive tenders or other means of testing the market are being taken.

If we want to know what large-scale changes on these lines would mean we only have to look at the United States experience. The growth of ‘human service corporations’ in health care, and latterly in the personal social services and the penal system holds numerous dangers.

We see evidence of ‘creaming’, the practice of selecting clients with more acute difficulties and an ability to pay for services, and dumping those with chronic problems on underfunded statutory agencies. We see the commodification of human need through aggressive advertising, convincing us we need services we do not. We see the rise of oligopolies which increasingly control whole areas of service provision, such as hospital management and nursing homes, expressing a keener interest in the direction of welfare policy and seeking to shape it to their purposes.

Some may see these developments simply complementing what is done in the statutory and voluntary sectors. Others may regard them as a temporary incursion which will abate as non-profit organisations become more sophisticated in response.

I find neither of these scenarios particularly convincing. What seems more likely is the exacerbation of a two-tier welfare service, steadily weakening political, economic and financial support for non-profit programmes.

As you will have gathered, I am deeply sceptical about the ethics of all this. I am also disturbed by the implications for voluntary organisations, who are being forced in the US to adopt more and more competitive practices to survive – with the drawbacks I have already suggested – or reverting to providing a safety net for the very poor, who are evidently of little interest to corporations.

It is not my wish to end by sounding a note of alarm, but we cannot ignore what is happening in the society which the present government has so frequently taken as a model over the last decade. I believe those of us who work in statutory and voluntary organisations must avoid being drawn into this net as it has little to offer us or the people we serve. I, therefore, reject any attempt to combine the voluntary and private sectors in the term ‘independent sector’. The social work values and mode of operation of voluntary organisations contrast strongly with the ethos of commercial organisations, and will continue to do so.

In these circumstances, I think it vitally important that a local authority should continue to have a wider role than that of strategic planning and coordination. To perform that role effectively, it must also be a *service provider* – that is the only way that local authorities can continue to understand the difficulties, limitations and opportunities of particular service provision. So directors of social services should encourage a puristic approach with a balance maintained between direct local authority service provision and substantial service provision by voluntary organisations and the private sector.

I believe it to be very important, as a new era dawns, that the genuine interest of social service authorities and voluntary organisations in the provision of efficient quality service to those in need should lead us to work ever more closely together in the decade ahead.

References

1. Home Office, *Efficiency Scrutiny of Government Funding of the Voluntary Sector*, HMSO, 1990.
2. Nicholas Deakin and Anthony Wright, eds, *Consuming Public Services*, Routledge, 1990.
3. Sir Roy Griffiths, *Community Care: an Agenda for Action*, HMSO, 1988.