St Mungo's
Opening doors for homeless people

Modernising Commissioning
St Mungo's response

1. Introduction

1.1 St Mungo's has been in operation for over 40 years. Based mainly in London and the South, our service is divided into prevention of homelessness, emergency response, and recovery.

- We provide over 100 accommodation and support projects to homeless men and women, providing over 1,500 beds every night.
- We offer housing advice to several thousand offenders from London prisons and local probation offices.
- Our Skills & Employment teams work with almost 2000 people a year (not just hostel residents), 280 participate in our training projects, 215 take part in job search, 85 take up volunteering options and 75 progress into work.

1.2 In our rough-sleeper focused hostels we are working with a population characterised by poly-morbidity (multiple mental and physical health conditions often compounded by substance dependencies) and institutional neglect – they ignore services, and services ignore them. At St Mungo's we believe that it is not too far-fetched to view homelessness as a health problem: for example, it is not a coincidence that our client's high level of ill health has been mirrored by a rise in unemployment from 14% in 1986 to 96% today.

1.3 We work with a highly complicated excluded group in the population and are successful because we have focused expertise and the flexibility to try new things and find ways to deliver the support our clients need. We have evolved from a soup run 40 years ago and dependency on fundraised income to become a sophisticated provider of a wide range of services. 40% of our £45m income comes through contracts with central and local government and related agencies. We believe that St Mungo's and the people we work with have benefited from a more professionalised commissioning environment and the improvement of services, however, there are a number of points we would like to make in relation to how the environment could be improved to ensure the best providers are delivering services.

2. More accessible

Too much bureaucracy

2.1 There are three points the green paper mentions regarding the desperate need to cut red tape we would like to comment on:

2.1.1 *Standard PQQ across Central Government:* We welcome this suggestion in the green paper. We currently provide services in 23 local authorities, and are constantly applying to do so in many others. If a standard PQQ were produced for local government (even just as a recommendation), this would save an enormous amount of time.

2.1.2 A single "core PQQ" may be more effective if tailored across sectors. We often find ourselves shoehorning our organisation into PQQs which ask about e-commerce, networking, international suppliers etc., while failing to ask relevant questions.

2.1.3 *Contracts Finder:* The portals which are by far the most beneficial to us are the ones which successfully use Common Procurement Vocabulary (CPV) codes. We have in the past failed to tender for opportunities where we could have provided the most economically advantageous service, simply because an email alert was not triggered by an incorrect CPV code classification. Furthermore, the awareness that we might be ignorant of relevant opportunities leads us to waste time combing portals for what might have been missed.

2.1.4 The CPV codes assigned to contract opportunities must be accurate, comprehensive and *checked* manually. This will be an additional burden on Contracts Finder, but it will save manual searching being replicated dozens of times at the buying end, and will lead to fiercer competition as more organisations are informed of contracts, both of which will ultimately reduce costs to the public purse.

2.1.5 *Passporting:* This is alluded to by the green paper. We frequently fill in PQQs of dozens of pages in local authorities when already providing extremely similar services in the very same authority, and even more often in neighbouring authorities. For a while there was the possibility of gaining Supporting People Accreditation (which we did where available) but even this was rarely asked for by commissioning authorities. Clearer guidance to local authorities on how to exempt already-qualified providers from filling in dozens of near-identical PQQs every year would be extremely helpful.

Lack of joined up funding

2.2 Working with a client group that has multiple needs the cut across local and national Government departments there are always frustrations at not being able to join up funding to ensure clients get a seamless service. An example of this would be

Unsophisticated commissioning environment

2.3 Despite the aspirations of commissioning in recent years to move towards 'black box' models where outcomes rather than service models are specified, tenders remain over-prescriptive. Bids made are likely to be fairly uniform with little to differentiate them beyond price. This type of approach stifles creativity and means that non-expert commissioner is doing all the work of defining the service rather than the expert provider. Guidance and support to commissioners on how they might be able to let go and focus on outcomes of services rather than service specification would be welcome.

Problems of partnership

2.4 Partnerships present opportunities for innovation and support but should not be seen as an end in themselves; the best outcomes for the lowest price should. Partnership working can have high transaction costs and, in a commissioning environment which promotes competition, can be simply unworkable.

2.5 St Mungo's has a number of current successful partnerships which benefits service users, providers and commissioners. However, our experience of partnerships has not always been positive and has worked against the delivery of excellent value for money services.

3. New Opportunities

Payment by results

3.1 We welcome the focus on payments by results. St Mungo's has championed this approach and the focus on outcomes in the sector. We developed the first homelessness Outcomes Star and have lead the sector in embedding this approach and sharing it with others. We have significant expertise in understanding realistic outcomes for our client group and the most effective ways of delivering and measuring them.

3.2 From this point of view we look forward to more contracts being on a payments by results model. However, we also have a number of concerns. The first, expressed above, is the inexperience of some commissioners in setting outcomes. Without the full engagement of providers outcomes will be set that will not benefit the end user.

3.3 Second we have a concern about the burden of risk. While incentives which drive performance are important in any sector there is a limit to how far voluntary sector organisations with limited ability to lever in investment can invest capital upfront which they will be paid for further down the line. A purest payment by results model would place too much risk on providers; this risk has to be shared with commissioners.

3.4 Finally, we are also concerned that there is a lack of understanding about how to measure where people are at the start of interventions. Providers need to be paid on the basis of the distance they have helped clients to travel, not simply on a range of good outcomes. Without this crucial step in the process providers are incentivised to concentrate work on those least in need and are not adequately rewarded for helping those most in need.

Social impact bonds

3.5 St Mungo's welcomes the principle of social impact bonds as a way of aligning incentives and providing resources which commissioners might otherwise not be able to provide to services. We have some concerns about how this might be delivered in practice which we would like to see addressed to ensure the scheme can be a success.

3.6 The first is the danger of small service providers ending up with two sets of 'masters' which they must report to; the funder and the commissioner. This may create an unnecessary burden. The second is who will set the outcomes and track economic benefit. Ideally this would be in partnership with commissioners. Finally, we have concerns that there could be high transaction costs in setting up bonds for providers unless that burden is shared between Government and providers.

Duty to cooperate

3.7 In terms of checks and balances, if care is not taken the power shift – from central government to local communities – may hit the most disadvantaged groups in society the hardest not help them the most- the bold claim. The *duty to cooperate* that the Government intends introducing to ensure that local authorities and public bodies cooperate with each other should, therefore, be particularly binding in respect of services to the most disadvantaged groups. Severe weather provision is a case in point. If that's piecemealed down to the community level, it places great strain on outreach and relocation services. It would be far better if boroughs cooperated, enabling more scaled and efficient responses.

TUPE

3.8 The burden of taking on staff from the state has been a significant one in the past which has inhibited St Mungo's bidding for or taking on some contracts. The arguments for addressing this challenge for charities and other organisations have been well rehearsed over many years, but this continues to be an issue which will inhibit innovation until it is effectively addressed. We will be happy to provide specific examples if that would be helpful. The most onerous terms tend to relate to pensions, and we believe there should be specific arrangements which do not require a direct match of pension liabilities follow a transfer of a state employee to the voluntary sector.

4. Value

Good local needs assessment

4.1 To achieve value local authorities need to have a sound understanding of local needs and the economic costs of those needs of local services. Currently needs assessments often over look small populations with high needs such as those vulnerable to rough sleeping hence services are rarely designed around their needs or sufficiently resourced to address their needs. In refreshing the JSNA guidance consideration should be given to how local authorities can look at the needs of populations rather than conditions.