Briefing Paper 145

Telling tales of commissioning: insights from a qualitative longitudinal study of third sector organisations

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Introduction

For at least 30 years third sector organisations have been debating and assessing the dilemmas of engaging with the state on a more formal contracting basis in the resourcing and delivery of public services. The momentum generated by the open public services agenda of the 2010 Coalition and subsequent Conservative governments, when combined with austerity, has further raised the stakes for commissioning. Existing literature tends to agree on the problematic nature of commissioning for third sector organisations, with three variations on the conclusion reached: commissioning should be abandoned; commissioning should be reformed; commissioning practices vary and can be improved. Evidence to date has tended to come from cross-sectional studies that provide little opportunity to explore in depth organisations' experiences of commissioning, and only limited insights into how voluntary organisations are both shaped by but also shape the commissioning environment.

The research

We draw on evidence from a qualitative longitudinal study of change in voluntary action within which commissioning has emerged as a significant theme. The research centres on four case study settings and, through those, five voluntary organisations. It involves different waves of fieldwork over time, with each encompassing interviews, focus groups and observations with from trustees, staff, volunteers, service users, partners, commissioners, and other stakeholders. The research programme first engaged with the case studies in 2010, and has subsequently followed them through the challenging years of austerity. The study did not set out to specifically explore issues associated with commissioning; it emerged as one of the key themes.

Commissioning stories

Table 1 below briefly introduces our case studies and summarises the key aspects of their commissioning experiences, which help make sense of the cross-cutting findings.

Cross cutting themes

Several cross-cutting themes emerge from the cases, highlighting the tensions, dilemmas and consequences that organisations experience when engaging in commissioning.

Rules

Each of the cases highlighted a set of 'rules' which effectively guided the commissioning process and which either open up or close down opportunities for them to engage. These 'rules' included:

- *The scale of a contracting opportunity* - whether financial, geographical, or in terms of service design – affected whether or not each organisation were or felt able to respond. The perception was that the

Table: Case study commissioning experiences

Case	Commisssioning experience to date
Larch: a set of micro and small, local, community development activities in an ex-mining, regeneration area in the north of England. We focus on a community association and on a social enterprise supporting disadvantaged people through engagement with horticultural activities	**Minimal**. The **community association** has not taken part in commissioning; focusing instead on small-scale fundraising, income generation and grant applications. For the **social enterprise**, growth has arisen through a combination of significant grant funding, a series of relatively small grants, contracts (including as sub-contractors within consortiums) and spot purchase arrangements with a range of statutory bodies, Direct Payments through the personal budgets of individual volunteers, and donations. They are developing a view that small organisations are seriously disadvantaged within commissioning.
Hawthorn: a medium, local, family support organisation that has expanded and professionalised from an informal peer-led support group for young mothers to a provider of mixed family support services	**Developing.** Since it was established in 2004, Hawthorn has grown and professionalised, supported by a series of grants and more recently through the successful engagement in two rounds of local authority commissioning. 2018 was dominated by the (re)commissioning processes. The excitement of success, following months of strategic thinking and tendering, was quickly replaced by anxiety as changes were made to the contract before it was eventually signed. Six months into the contract they were questioning whether or not they should withdraw due to increasing concerns of financial and organisational risk. The organisation is facing something of an existential crisis.
Birch: a large, local information, rights and advice organisation based in an urban area in the north of England	**Extensive.** Birch is a large, organisation with a long history of generating income through grants and, increasingly, contracts with a range of commissioners. Recent years could be characterised as turbulent, often associated with the commissioning of services and the uncertainties which that creates. This has not been helped by delivering contracts which have turned out to be financially unviable. A shift in service provision has been implemented, from face-to-face advice towards online and telephone provision, in part as a response to commissioner requirements. Short term contracts have been secured for specialist services, but are running out for open-door provision.
Fig: a major, national, family support organisation, operating through numerous local projects spread across England and Wales	**Extensive.** As a major national charity, with an extensive range of local projects, Fig operates with numerous contracts from different funders and at different scales being tendered for and delivered at any one time. It has deliberately expanded its business development and legal capacity to help secure commissioned services, and has developed a sophisticated process for reviewing risks associated with each prospective tender. A strategy has been developed to balance a small number of large contracts with a large number of smaller ones. The costs of commissioning, however, are particularly visible at a local level where the turnover of projects and staff is high. It is here that the practical and emotional challenges are most keenly felt.

scale of contracts were increasing, ruling many but the largest voluntary sector organisations out.

- *The terms of the contract* – whether payment by results, one provider per area, partnership working or spot purchase – affected perceptions of the viability and risk and so the likelihood of organisations tendering.
- *The complexity of the commissioning process and the contract*: Both commissioning processes and contracts themselves were thought to be increasingly complex. Some organisations were more capable than others in dealing with that complexity.

Resources

The resource implications of commissioning were considerable. This included:

- *The resources to bid*: Engaging in commissioning processes is in itself resource intensive, requiring considerable time, technical and social skill. Potential providers may be required to attend pre-procurement meetings, invest considerable amounts of time in building consortia, and write complex proposals.
- *The resources to deliver:* It was suggested that there is an increasing expectation that commissioned organisations would, in one way or another, subsidise the delivery of a contract. Smaller organisations, with lower reserves and less ability to cross-subsidise between contracts, also tended to find it harder to manage such demands on resources.
- *The resources to sustain:* Recommissioning or decommissioning services also took considerable resources. It was suggested that, in general, it was becoming increasingly difficult to find funding to sustain services. Losing services took its toll on both organisations and individuals.

Refocusing and restructuring

Commissioning, it was suggested, had contributed to organisations both refocusing and restructuring. Again, this took a number of different forms:

- *Shrinking and expanding* in response to winning and losing contracts, enacted through a combination of recruitment, redundancy and TUPE; this could be in a more or less planned way.
- *Becoming more business-like:* Developing business capabilities, through a combination of generally becoming more innovative and entrepreneurial and more specifically through investing in business development functions.
- *Introducing targets* for whole teams and/or individual staff to ensure that contract requirements were met.
- *Changing models of service provision* both in terms of the modes of service delivery in response to explicit tender requirements or what the financial envelope allowed and for whom services are delivered.

Relationships

There was much talk of relationships associated with and affected by commissioning:

- *Relationships with commissioners were highly variable:* across different sets of commissioners; across different local authorities; within local authorities; and over time.
- *Relationships with other organisations in the field:* The commissioning environment, it was suggested, had changed the nature of relationships amongst voluntary organisations (and providers from other sectors) within the same field, as they constantly shifted position from being competitors to collaborators and back again.

- ***Relationships within organisations, amongst staff and volunteers:*** Commissioning was often associated with people's more general accounts of changes to relationships within organisations, amongst employers and employees, and staff and volunteers, particularly through the adoption of 'business-practices', performance management, and the associated growing complexity and intensity of work.
- ***Relationships with service users:*** Changes were identified in who services users were and what their (increasingly complex) needs were and how organisations related to them.

Re-thinking the problem

The final cross-cutting theme from the data is a more fundamental questioning amongst our respondents of whether commissioning is really **the** (only) problem. The suggestion is that there is a need to look beyond commissioning, to consider what the underlying issues are.

- ***Commissioning versus procurement:*** It was suggested that procurement had come to dominate commissioning, with too much emphasis on compliance with the tendering process and not enough on which approaches and organisations could best work together to deliver quality services and outcomes.
- ***Contracts versus grants:*** Some respondents questioned the distinction between grants and contracts, and the

assumption that grant funding was always better than commissioning. Both, it was suggested, were increasingly competitive, demanding and restrictive – the difference was one of degrees rather than complete contrast.
- ***Commissioning versus resource scarcity:*** Rather than commissioning per se being the problem, some suggested the underlying issue was a fundamental lack of resource. There simply aren't the resources within the system, it was suggested, to provide the services required, regardless of the processes and mechanisms used to allocate funding.

Conclusions

The current commissioning environment is no doubt challenging for voluntary organisations, particularly for smaller organisations which lack the resources to be able to make the most of any opportunities it might provide. However, voluntary organisations are not passively responding to an external commissioning environment but are acting strategically, by adopting a range of different tactics and strategies, to both navigate and shape it. Further, while commissioning can be problematic, a more fundamental issue is perhaps general resource constraint; our concerns about commissioning should not distract us from the devastation being caused by swingeing cuts to funding in the first place.