

The Rt Hon George Osborne MP
Chancellor of the Exchequer
HM Treasury
Horse Guards Road
London SW1A 2HQ

19th July 2010

Dear Chancellor

Suggested Areas of Attention for the Comprehensive Spending Review

I write to you with ideas and views from Children England to contribute to the current Spending Review. Children England is the leading membership organisation for the children, young people and families' voluntary sector. Together our members employ around 19,000 staff, and have the support of a further 20,000 volunteers, all passionately committed to making life better for the children and families in greatest need. We represent members ranging from the largest national organisations to the smallest community action projects, working regionally, locally and nationally, to bring the sector together, to inform and build their capacity, and to share their messages, learning and best practice as widely as possible. The points made below are a combination of ideas and issues provided directly from our members, and those we have shaped ourselves in partnership, as a longstanding infrastructure body for the voluntary and community sector.

1. Supporting Big Society transitions

The children and families voluntary and community sector is both energised and well-placed to play the role envisaged by Government in its Big Society vision – in terms of increasing delivery of services to the public, and in terms of galvanising and enabling citizen activism at local community level. Many of the reforms already proposed, such as the Big Society Bank, the freeing of charities to charge at price rather than cost, and the removal of barriers and bureaucratic requirements in working with the State, are welcome and should, in time, work to enhance the entrepreneurialism, innovation and professionalism that already characterise this sector. We view this as an important transformational agenda that will take several years to come to fruition if it is to be able to offer the kind of opportunities that it promises, and we are keen to work with Government in bringing that change about.

However right across the voluntary and community sector, there are clear and substantial threats to the continued existence of a significant proportion of organisations in the more immediate term. Across our membership alone, who have a combined annual turnover of around £750million, more than half of their total income currently comes from statutory sources.

Public spending cuts are already starting to be passed on to our sector in terms of immediate contract withdrawals, as well as the prospect of failures to re-commission at the end of most existing contracts in March 2011. Many organisations who might otherwise have a vital and creative role to play in the Big Society may be lost over the next 18 months due to the suddenness and severity of statutory funding withdrawal, and the lack of viable alternative funding pathways to 'bridge' their survival and adaptation to the new evolving environment. We believe there is a significant risk that while placing a growing voluntary and community sector at the heart of Government plans for a more sustainable economy, the Coalition may more immediately preside over a period of the most substantial reduction of the sector for many decades, before we've even had a real chance to contribute to Big Society opportunities.

We of course understand that substantial impact from the reductions in public expenditure will be felt right across society, and we are under no illusions that our sector could or should expect to be protected while all around us change. We want to adapt, are keen to establish new, independent and more sustainable funding mechanisms, and to provide leadership at community and national level in finding ways to do more, better, cost-effectively – that is our history and one of our greatest strengths. If the sector's expertise and capacity to play that future role is not to be cut unnecessarily deeply, however, we would urge consideration of the following measures within the Spending Review:

- The creation of some form(s) of **bridging loans and/or grants and emergency funding** capacity – perhaps through the Big Society Bank – to enable voluntary and community sector organisations facing immediate closure due to State contract withdrawal to stay afloat (subject to their satisfactory creation of persuasive plans for alternative income generation within the following year).
- The special one-off collection of major donations to the coffers of the Big Society Bank by a national '**Big Whip Round**' – asking of the wealthiest individuals and companies in society to make a one-off major donation this financial year only, to kick start the ability of the Big Society Bank to support community and voluntary action and service delivery. This should underpin a strong push by Government to put weight and speed behind the development of new finance vehicles for the sector, such as Social Impact Bonds.

- Local authorities **monitored on the impact** of their spending cuts on their local voluntary and community sector. This monitoring should continue, not just as a measure relating to cuts, but as a key means of tracking progress on the ground in delivering the Big Society aspiration to increased levels of provision, partnership and community involvement.
- In the event of full contract withdrawal and decisions not to re-commission services, encouragement of local authorities to **replace prior contracts with lower value grants** (earmarked at say 10-20% of the contract value). This would:
 - help to secure against complete or immediate closure of whole projects serving their communities;
 - enable greater freedom to adapt services to the real and emerging needs of the community (rather than meeting pre-set contract requirements); and,
 - act as seed-corn investments in local social enterprise, that any good voluntary sector organisation will be able to use as a basis to try to generate further and diverse income sources, adding value to the statutory spending on their grant.

2. Commissioning costs

We know well that competitive tendering and commissioning across the public sector is expressly intended to act as a means of delivering best value for the money spent on services. The voluntary and community sector has certainly been through an enormous cultural and practical change process to adapt to (and in many cases thrive in) the public sector marketplace. In times when public money was not felt to be scarce, the evaluation of value for money in the public sector could quite easily focus on the value delivered for the cost of the contract. However as money becomes painfully scarce, we believe it is now vital to look critically at the true and total costs of running a public sector marketplace in order to deliver those contracts.

Most local authorities now have many senior level commissioning posts, and sizeable contracting and procurement teams. None of those salaries delivers a service to the local citizen directly, but are the costs of creating the conditions of a competitive marketplace. The often varied, non-concurrent commissioning cycles for different parts of the authority, along with most commissioning cycles being a maximum of 3 years, means that the 'bureaucracy' of commissioning is work and salary-intensive, even before any contract is awarded or service delivered..

Furthermore, the time and money being spent by each tendering organisation to put together and pitch for tenders, when in each case only one bid will result in a contract, represent substantial valuable resources of the voluntary and community sector being diverted away from delivering direct services to children and families, to the attempt to chase and win contracts.

Of course, we don't expect the competitive public sector marketplace to disappear, but we believe that streamlining of the costs of multiple, extensive and overly-repetitive contracting rounds is essential. We think that the following should be considered as practical potential ways to streamline commissioning costs:

- Spread of the **Total Place/OnePlace** philosophy, mechanisms for completely pooled local funds, and synchronised whole-authority commissioning rounds for the medium term.
- The promotion of greater **grant-giving** in place of detailed contracting and highly specified tenders. Grants to voluntary and community organisations require neither a competitive applications process, nor the same level of compliance monitoring, while offering the additional benefit of greater flexibility for the receiving organisation with which to be practically innovative in responding to need, and to be financially entrepreneurial.
- Offering **longer term contracts**. The longer the contract, the lower the costs and demands of repeating, and competing in, the re-commissioning round. But longer contracts, more importantly, offer voluntary and community organisations the stability to build strong profile and relationships with the families and communities they serve, as well as enhancing the potential to be able to add value to the original contract by attracting additional charitable and investment income to the service. With the recent news of a 26 year public sector contract (prison) being awarded to two prominent voluntary organisations, we would encourage more departments, locally and nationally, to think in much longer terms. Even a shift from the most common current maximum 3 year term, to a 'standard' of 5-year contracting, would not only deliver significant savings on the costs of the commissioning framework required to support them, but would also, we believe, prove a critical factor in improving the demonstrable outcomes from 5 years of stable practice delivery, improving in turn the evidence base and practical learning to inform subsequent re-commissioning.

- End the confusion and **duplication created by multiple different 'commissioning units'** and commissioning model projects across Whitehall. The volume of national guidance and best practice frameworks for public sector commissioners, not to mention continued local variation and innovation in how each authority actually goes about commissioning, has not led to any clear sense of common or best practice on the ground, and certainly not for those bidding into commissioning processes. Perhaps more importantly, where best practice and cost-effectiveness demand the integration of services to meet childrens' and families' complex needs (for example combining social care, health, learning and criminal justice interventions in one service), the retention of separate national service-commissioning guides and frameworks for each element becomes pointless at best, and a barrier to smart, flexible practice at worst.

3. Less bureaucracy, more delivery

We are supportive of the Government's fundamental review of the size, number and effectiveness of quangos. Feedback from many of our members show significant frustration at the scale of resources taken up in the administration and leadership of many such agencies, where clear and direct benefits and delivery have been harder to identify. In encouraging the taking of a fresh, critical eye to the spending and operations of many regional and national bodies, however, we would also urge that sight not be lost of the importance of their original intended functions, and finding alternative ways of better delivering them.

It should not be imagined that children's healthy development in the early years, their educational attainment levels or their overall well-being can be improved upon without investment in, and an enabling framework for, the professional skills, knowledge and qualifications to deliver them, as well as the encouragement and support of young adults into careers in the sector. However we would acknowledge that it may no longer be affordable to have dedicated workforce bodies for each sector, such as the Children's Workforce Development Council. However we still need a cost-effective vehicle for delivering the common skills and high quality training standards that are so vital to the quality of services and support that children, young people and families need and deserve.

Similarly, we are pleased to see radical rethinking of the role and extent of Inspection and Regulation. The experience of many of our members is that, while coming from the vital motivation of seeking to ensure and safeguard against bad practice in the public sector, on behalf of those who receive services, its evolution into a substantial bureaucracy has become more often focussed on processes and standards checklists, rather than the voice and actual experience of the consumers of the services being inspected.

In streamlining and rethinking Inspection and Regulation, at exactly the same time as creating a drive to diversify and 'free up' a whole wide range of organisations to deliver existing and new services to children and families, it will, however, become even more essential to find mechanisms to ensure some minimum 'useable' basic safeguards for the citizen consumers of services, and particularly so for the most vulnerable children and young people. The voluntary and community sector can (and in many cases, such as Independent Advocacy, already does) play a vital, practical, non-bureaucratic role in encouraging community members to voice their views and dissatisfactions with the services they receive, both at individual and community level. Alternatives to the current weight and configuration of Inspection and Regulation should therefore look to harness the expertise of the voluntary and community sector, both for our proximity to the realities for children and families who have most often 'fallen through the cracks' of poor public services, and for our experience in supporting service users to raise their complaints, challenge decisions, and influence service changes.

4. Safeguarding

We welcome the announcement of the Munro Review, and are aware that while various Spending Review subjects and measures will inevitably impact on child protection practice (such as the change of Inspection and Regulation as referred to above), the aims of the Munro review are not first and foremost to deliver spending cuts, but to improve and focus child protection practice while removing unhelpful bureaucracy surrounding it. In defining what might be termed bureaucracy in this context, we would stress that while child protection social work has indeed been an established profession for many decades now, the spreading of child protection awareness and skills beyond paid statutory professionals remains far from completed or settled – in fact it has only relatively recently begun in any systematic way.

We would highlight the work of SafeNetwork, which Children England delivers in partnership with the NSPCC, funded by the Department for Education. The programme is focussed entirely on raising the child protection awareness and confidence for volunteers and staff in some of the smallest community and activist groups in the country, reaching those who may have never even considered their potential role in helping to protect children before. With Government ambitions to see more and more members of the community engaged in increasing levels of informal and unregulated activity with children and families in their communities, practical and direct engagement with them about what they can and should do, and how to develop their skills and judgements, where a child may be in danger, will be critical.

In seeking to strip away costly and ineffective layers of bureaucracy in professional practice, it will be essential to invest in the following, for the full breadth of the 'Big Society' to play their part in keep children safe:

- Practical **support and empowerment of children**, young people and parents themselves to speak out when they believe something is wrong, and to know there will be a fast, effective response
- **Open access to simple, practically-focussed awareness and skills training** for anyone wanting to learn about child protection in their community and what they can do, regardless of whether they are in any kind of paid or volunteer position
- Continued investment in the practical spreading of **skills and confident judgement for the voluntary and community sector**, who are so often among the first to come into contact with children and young people, and to be viewed as a safe person to speak to about problems at home
- With increasing flexibility within the children's workforce, and the increases in active citizenship envisaged, **CRB's need to become portable** for the person who has been checked, and routes made available for individuals to secure clearance without dependence on an employer processing them.

Where financial savings may be found from within the current costs of child protection practices and infrastructure, we would strongly urge that those funds released by changes should remain dedicated to, and **invested directly in the quality of services for, children at risk and in care**, who otherwise face a potentially devastating pressure on the local authority's 'looked after' budgets that are, for them, the equivalent of another child's parental/family income with which to support their daily standard of living.

5. Early Intervention

Research that Action for Children commissioned and published with the New Economics Foundation last year suggests that for every pound spent on early intervention services for children and families, we will save seven in years to come. That represents a potential **saving of £486 billion** to the public purse over the next 20 years. Children England recently published a booklet jointly with Action for Children and Family Action, pressing the case for smart investment in early intervention, and we are very aware that this also is a subject close to the hearts of many Ministers in Government.

We would view it as particularly important that the range of new funding and economic models are explored that might prevent early intervention services competing in the same year for the same limited funds as vital 'crisis' support, such as child protection costs or acute healthcare needs. We know from previous periods of cuts that when they have to compete, earlier stages of support and intervention, where lives appear to be less obviously at risk, are in the frontline for cuts. The challenge of sustaining investment in early intervention services for the full lifecycle of a generation of children to adulthood, in order to see the full human and cost benefits realised and evaluated, has never yet been met in the UK. We hope that this CSR will be a decisive point for ending the damaging competition of very different types of service for the same money on an annual basis, and will be bold in seeking to rebalance the focus of investment and professional effort over time 'upstream', before problems become costly crises.

I hope that these ideas and comments will be a useful contribution to the historic task your department, and the Coalition Government as a whole, is undertaking in conducting this Spending Review. We have also shared our thinking on these issues with the Department for Education and with the Office for Civil Society. I am very happy to discuss these ideas further or answer any queries about our work and membership. Please don't hesitate to contact me if we can be of further help.

Yours sincerely



Maggie Jones

Chief Executive