



Advice NI response to
DFP Committee Inquiry into Public Procurement
March 2009

Advice NI is a membership organisation that exists to provide leadership, representation and support for independent advice organisations to facilitate the delivery of high quality, sustainable advice services. Advice NI exists to provide its members with the capacity and tools to ensure effective advice services delivery. This includes: advice and information management systems, funding and planning, quality assurance support, NVQs in advice and guidance, social policy co-ordination and ICT development.

Membership of Advice NI is normally for organisations that provide significant advice and information services to the public. Advice NI has over 70 member organisations operating throughout Northern Ireland and providing information and advocacy services to over 110,000 people each year dealing with over 213,000 enquiries on an extensive range of matters including: social security, housing, debt, consumer and employment issues. For further information, please visit www.adviceni.net.

Advice NI welcomes the opportunity to respond to this consultation, and our comments are focused on procurement and tendering insofar as it impacts on the advice sector. This response is informed by Advice NI's direct experience in procurement: Advice NI has responded to a number of tender opportunities and has seen the impact of both successful (SSA benefit uptake) and unsuccessful (DETI money advice) tenders.

Advice NI understands that there is undoubtedly a top-down drive to maximise the effectiveness of advice provision and use resources efficiently. ‘Opening Doors’ the DSD’s Advice & Information strategy launched in September 2007 explicitly states:

“The consultation invoked considerable debate about the method of allocating future funding under the Area Hubs model. A number of proposals were submitted involving the use of competitive tendering, consortia approach and service level agreements. Recent Treasury guidance is clear that, where the third sector is involved in delivery of public services, a procurement process open to competition and leading to a conventional trading relationship under contract is the best option. It is envisaged that contracts will be awarded jointly by councils and the Department. This process will not preclude a collaborative approach between providers leading to joint bids.”

Advice NI’s position on tendering and procurement is clear: in our experience a competitive tendering approach to securing resources does not foster the collaborative approach advocated in the strategy. Our recent experience regarding the Department of Enterprise, Trade & Investment tender for money advice services highlighted that the tendering approach creates a ‘winner-take-all’ scenario; is exclusive rather than inclusive; and increases the likelihood of a two tier advice service developing in Northern Ireland.

Undoubtedly there is merit in promoting joined up working between advice providers in order to maximise the effectiveness of advice provision and use resources efficiently. Real partnership and joined up working would help to bring about a situation where service provision is tailored more closely to client need – for example staggered opening hours, referral mechanisms in place to balance workloads, sharing resources for example money advice specialisms. Partnership on this kind of agreed basis can have the buy-in of all involved, takes an inclusive approach and ultimately places service users at the centre of developments. We remain to be convinced that current procurement practices will have these outcomes.

In addition we would be concerned that sources of funding which are premised on tendering would see a continuation of short-term-ism and would amount to continuing uncertainty for the staff involved. This may not be the case where there was an agreed

tender covering all providers (in essence a true partnership approach) but history shows us that this is unlikely to happen. And of course tendering also brings a risk of ‘providing services on the cheap’ and a risk of undermining the quality of the service (with the focus being on price). In actual fact we would argue that tendering does not encourage best practice – because it creates a monopoly in terms of funded service provision and thereby stifles diversity, innovation and creativity which are the essential components of driving change and improvement.

Advice NI would also point to three informative GB-based publications which shed light on this issue:

‘Unintended consequences: How the efficiency agenda erodes local public services and a new public benefit model to restore them’ (nef: the new economics foundation)

- Wider benefits to the community, be they social or environmental, are not considered in the current model, which only recognises cost and the achievement of narrowly defined targets. A radical rethink is needed, based on a new public benefit model.
- A Public Benefit model: In this framework the effectiveness of outcomes is assessed in terms of their benefit to users and the community; and service providers are encouraged to cooperate and innovate to maximise these benefits, rather than simply minimise costs. The result would be a model which:
 - * Creates a ‘race to the top’ by encouraging innovation and the maximisation of the social and environmental benefits that result from public service provision, both to those directly affected and to the wider public.
 - * Places people at centre stage with public services co-produced by commissioners, providers and service users, and with the latter seen as ‘assets’ in producing positive outcomes.
 - * Provides public sector actors with a more appropriate measure of efficiency when making purchasing decisions, which takes account of the vital role played by small voluntary and community organisations in local areas.

* Takes a ‘social return on investment’ (SROI) line, which builds the ‘triple bottom line’ approach into public service contracts, incentivising providers to maximise their wider impacts wherever possible, rather than focusing on solely cutting costs in the short term.

As the Treasury sets out its plans for public services for the next four years in the Comprehensive Spending Review, it is time to rebalance the role of efficiency in public service provision, moving to measure success in terms of outcomes for people rather than the ‘false economy’ of short-term cost savings to the Exchequer.

‘It’s the System, Stupid! Radically Rethinking Advice’ (Advice UK)

- Advice organisations could make a huge contribution to improving public service delivery (and cutting costs) but the increasing practice of funding them solely for advice transactions means that opportunities for learning, for joint work to tackle waste and for service improvement are being missed.
- Funders’ requirements and new contract conditions are actually introducing waste into advice agency systems.
- The project that has led to this report arose out of our concern that current government plans for improving legal and advice services will achieve nothing of the sort. We share the desire for improved services but, in our view, plans for advice to be provided by fewer larger contractors selected through competition, using funds that currently support many smaller outlets, will actually lead to worse services more focused on serving the ‘top-down’ interests of government than the ‘bottom-up’ interests of people seeking advice.

‘A better return: setting the foundations for intelligent commissioning to achieve value for money’ (nef: the new economics foundation)

- This report is for public service leaders, commissioners and all concerned with spending public money and delivering effective public services.
- Commissioning to deliver ‘full’ or ‘best’ value for communities and the public is a difficult and complex task, particularly in a time of financial constraint and when the institutional context presents barriers.

- A key objective of this report is to encourage public service leaders to develop an enabling institutional framework for intelligent commissioning. The report sets out to do this by:
 - * firstly, showing that better outcomes can be achieved for people, communities, the environment and public purse when the Government's own definition of value for money is put at the heart of intelligent commissioning frameworks.
 - * secondly, showing how the institutional and regulatory context can encourage intelligent commissioning that achieves value for money.
 - * thirdly, using case studies to explore new ways of measuring value that can help public service leaders and commissioners arrive at better approximations of value for money.

Advice NI would welcome the opportunity to further discuss the issues raised in this response.

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