

Social Enterprise UK response to the Ministry of Justice's consultation on Transforming Rehabilitation - A revolution in the way we manage offenders

About Social Enterprise UK

Social Enterprise UK was established in 2002 as the national body for social enterprise in the UK. We are a membership organisation. We conduct research; develop policy; campaign; build networks; support individual social enterprises; share knowledge and understanding; support private business to become more socially enterprising; and raise awareness of social enterprise and what it can achieve.

Social enterprises are businesses driven by social or environmental objectives whose surpluses are reinvested for that purpose in the business or in the community. They operate across a wide range of industries and sectors from health and social care, to renewable energy, recycling and fair trade and at all scales, from small businesses to large international companies. They take a range of organisational forms from co-operatives and mutuals, to employee owned structures and charitable models.

Our members come from across the social enterprise movement, from local grassroots organisations to multi-million pound businesses that operate across the UK. With them we are:

- creating a better environment for social enterprises to do business
- helping the social enterprise movement to grow and become stronger
- building networks to share, learn and create business opportunities

The UK social enterprise movement is recognised as a world leader and our members are united in their commitment to changing the world through business. The current climate presents the social enterprise movement with a unique opportunity. We know it can solve some of the UK's most pressing problems, promote social justice and help to bring about the more diverse, bottom-up economic growth that we urgently need. In particular, social enterprises are well placed to deliver on the Government's three priorities for civil society: empowering communities, opening up public services and promoting social action.

This submission

Social Enterprise UK welcomes the opportunity to respond to the Ministry of Justice's consultation on Transforming Rehabilitation. Social enterprises are based on the principles of mutualism, co-production and participation. They offer a model where people, be it staff, service users or community members, are given a direct voice in running their organisation; where public assets can be locked into community ownership; and where people are empowered to transform their lives and the lives of those around them. As such, they are well placed to play a key role in the future of public services.



As an organisation we have been highly involved in shaping public service policy – we sit on the Cabinet Office’s SME panel, we are a strategic partner of the Office for Civil Society, we were a delivery partner in the National Programme for Third Sector Commissioning and were instrumental in the design of the Public Services (Social Value) Act 2012.

Question B1: How can we maximise the results we get from our collective Government and public sector resources?

Social Enterprise UK welcomes the Government's proposals to improve the alignment and co-ordination of cross-Government expenditure on offenders, and strengthening incentives for joint working.

Social enterprises have a strong track record in delivering services to offenders and former offenders. Their work is characterised by a holistic approach that looks to address the wide range of factors which influence the likelihood of re-offending in each individual case, in order to support reintegration into society and reduce re-offending rates. Such an approach often involves delivery across public service areas, taking into consideration housing, employment and healthcare among others. Consequently the social enterprise sector has long campaigned for social value to be embedded within commissioning in order that the full value and benefits of this people-centred approach to delivery can be recognised.

Social Enterprise UK believe that Government should seek to play a role of market stewardship which delivers a vibrant and diverse market of providers, rather than relying on a few major private sector providers, creating the risk that they become too-big-too-fail, stifle market innovation and create barriers to entry.

Ensuring this works effectively requires better and more robust data to be available to evaluate the effectiveness of interventions. Without this, it is impossible for commissioning to be truly outcomes based and for payment-by-result (PbR) structures to be effective and work for all stakeholders. Government should be conscious that contracting only on the basis of narrow metrics, targets and through PbR may be seen to inadvertently lead to the creation of perverse incentives. With this in mind, the Department should consider how social governance and ownership, transparency, open data and fostering genuine collaboration and partnerships can play a significant role in maximising the results we get from our collective resources.

At a time when there are considerable constraints on public spending, it is more important than ever that public spending is recognised not just as a purchasing tool but also as a public policy lever and that we address the needs of the public intelligently and in the whole in order to maximise efficiencies and outcomes.

The Public Services (Social Value) Act 2012, which came into force on 31st January 2013, supports this approach and requires commissioners to consider social value at the pre-procurement phase for public service contracts. We therefore urge the Ministry of Justice to raise awareness of this Act and the tools available to support implementation, such as Social Enterprise UK's guide to the Act (freely available online at www.socialenterprise.org.uk/advice-support/resources/the-social-value-guide), in order to realise the Ministry's pursuit of aligned, co-ordinated services. We further encourage the Ministry to embed social value guidance within its own recommendations and training on

commissioning, in line with the Commissioning Academy's adoption of social value as a central tenet in its training programme, and onwards down the supply chain.

Question B2: How can we use the reform of offender services in the community to enhance the broader range of social justice outcomes for individuals?

In order to ensure resources are used most effectively there needs to be far greater incentives and motivations on the part of commissioners to join up public service areas. There is much evidence that re-offending is connected to housing, healthcare and employment among other public services. However, little success has been made in progressing a place-based or people-centred joint commissioning agenda that could truly transform the outcomes for offenders. The size of the lots proposed in this briefing may prevent this form of integration taking place due to lack of coterminous boundaries between the public bodies with responsibility for other support services such as CCGs and local authorities and the contract package areas.

Combining programmes through place-based joint commissioning¹ could direct more resources to pay for specialist rehabilitation services due to a saving in case management and overhead costs. Local commissioners including Police and Crime Commissioners (PCCs) could be encouraged to explore these benefits. Commissioners will likely be interested in the quality and approach taken to case management and would likely favour providers who can offer low caseloads and a good network of voluntary and community support.

Question C1: We are minded to introduce 16 Contract Package Areas. Do you think this is the right number to support effective delivery of rehabilitation services? Do you have any views on how the Contract Package Area boundaries should be drawn?

Question C14: Police and Crime Commissioners will play an integral role in our reforms. How best can we maximise their input/involvement and that of other key partners locally?

Please note that the following response takes questions C1 C14 together

Social Enterprise UK welcomes the Ministry of Justice's aims to foster a greater diversity of providers and collaboration with partners. We are concerned, however, that a structure of only 16 Contract Package Areas will not support these aims. In particular, we are concerned that this proposal:

- ⚡ does not provide the best possible foundation for the joined-up, multi-agency working and joint commissioning that is key to success in reducing re-offending (see B2). In particular, we believe it will be difficult to involve local councils, CCGs and PCCs in a meaningful way with a structure of 16 contract areas;
- ⚡ will exclude many of the voluntary sector and social enterprise providers that the Government is rightly and explicitly keen to involve. Very few such organisations will have the capacity to handle contracts of this size, particularly with an element of payment by results. The proposals therefore automatically demote the voluntary sector to the often

¹ An approach which is also supported in Social Finance's submission, referred to as local co-commissioning

problematic position of sub-contractor, in a field where the Ministry has stated that their expertise will be vital. Our experience of working with staff groups who have spun-out from the public sector to establish mutual models reinforces our view that 16 CPAs creates contracts which carry a large amount of risk for a staff group to take on; and

- ✦ makes for a less attractive market for social investors, whose involvement can be key to ensuring that voluntary sector and social enterprise organisations are able to bring their expertise to bear on reducing re-offending. The UK social investment market remains relatively small and individual investors do not have the capacity to invest in a range of sizeable multi-million pound PbR deals in a largely untested market. It is also important to note that sub-contracting can present a far higher risk to investors as there is less control on overall outcomes.

We appreciate the Ministry of Justice's desire to keep transaction costs to a minimum, and therefore limit the number of contracts it manages. Alongside other sector bodies including ACEVO, we therefore propose that there be 37 Contract Package Areas in line with Police and Crime Commissioner (PCC) boundaries as both a manageable number of contracts for the Ministry and in order to ease the concerns listed above.

Further, this will support the Ministry's aim to foster local partnerships and effective working relationships between deliverers of rehabilitation contracts and PCCs. Taking into account the Ministry's views that PCCs present an opportunity for collective local leadership in relation to preventing crime and reducing re-offending, as well playing a crucial role in holding local partners to account, we propose that these relationships will far more easily be built and maintained if rehabilitation contract packages are aligned with PCC boundaries and areas of responsibility.

Beyond contract package numbers, the quality of the pre-procurement engagement with stakeholders and how this is used to inform the structuring of the procurement itself will be critical to success. If the procurements are managed centrally, local engagement and consultation with service users, providers and community members will be important in ensuring that local needs are reflected in each process.

In addition, it is vital that the process is not rushed, and consideration for how the CPAs are brought to market will need close attention. For example, lessons can be drawn from the NHS LIFT programme, where a large number of schemes all came to market at the same time, overwhelming bidders and leaving some schemes with insufficient numbers competing for them. If the CPAs are brought to market on a sequential basis, this will enable bidders to focus their efforts as well as allowing for learning and improvement to take place during the roll-out.

Further, whilst unduly long procurement processes are unnecessarily expensive for bidders, the forming of effective consortia takes time and it is vital that the process allows bidders the space to explore how they will work together effectively and to earn the confidence of potential funders. This will be essential to foster meaningful cross-sectoral relationships, and less risky partnerships which focus on aligning incentives between various parts of the supply chain and investors.

Question C2: What payment by results payment structure would offer the right balance between provider incentive and financial risk transfer?

Question C6: What mechanisms can be used to incentivise excellent performance and robustly manage poor performance to ensure good value for money?

Please note that the following response takes questions C2 and C6 together

Social Enterprise UK believes that as well as considering providers' incentives and financial risk in selecting the appropriate payment structures, the Ministry's desire to foster a plurality of providers and to support excellence in provision must also be paramount.

In the experience of our members, a model which contains an element of PbR alongside a more significant fee-for-service element is far more likely to enable them to enter the market and deliver high quality results as part of a supply chain than a model in which PbR dominates. Factors that preclude against the latter include:

- ⤴ innovation may be constrained by a structure that puts all at risk, steering providers to doing only what they know works;
- ⤴ this is an area where attribution is notoriously difficult to establish; and
- ⤴ diversity of provision is one of the strengths of the sector. This could be undermined if a PbR-heavy approach excludes all but the largest organisations from participating.

Further, whilst the financial feasibility of any potential contract is a necessary consideration, it is important to note that social enterprise and voluntary sector organisations are not motivated by purely financial factors. Indeed, they are driven by social and environmental missions and are primarily motivated by the desire to pursue their mission and achieve maximum societal benefits. As such, high risk – high reward payment structures are not the only or best method to secure the greatest value for money for the taxpayer from their engagement.

The same is true of social investors who can be so essential if such a model is to work. Most social investors are happy to take on risk but will not participate if they are asked to take on the burden of all the risk. Their model is not based on the levels of return that other investors expect, nor are they large enough to balance such high risk models with a broader investment portfolio. Further as this is a public service market, the questions must be asked about what are appropriate returns for investors to make from taxpayers' money, and this should also shape what is acceptable as a return and consequently, what is acceptable risk.

Given this, and the local variations in market conditions including potential providers, we would therefore recommend a locally driven approach to determining the balance of PbR versus regular service fees, based upon local market analysis conducted during the pre-procurement phase. Only by conducting such analysis will commissioners be able to determine how best they can achieve the Ministry's multiple aims within their own market contexts.

Any market analysis needs to take into account of the full range of provider models including the potential for staff owned mutuals. These organisations will have no track record as independent bodies may experience greater difficulty accessing large levels of affordable working capital.

Questions C3: What measurements and pricing structures would incentivise providers to work with all offenders including the most prolific?

Social enterprises are highly regarded for their work in delivering services for hard to reach and complex groups, including within justice services the most prolific offenders. Because they are driven by a social mission, they do not shy away from service users with complex needs. Due to delivery

models which are highly personalised and often developed in collaboration with expert frontline staff, service users and community members, they are able to provide effective services to individuals with complex needs.

It is important to recognise that in many cases, providing services to those with complex needs is more expensive than working with easier to reach groups. The experience of the Work Programme has highlighted this, which, due to the financial structures and tendering process involved, has led to a situation where many of those furthest from the labour market are sidelined from support.

In reforming the justice system, it is vital that we learn from this experience and do not allow tendering process which encourages loss leading. The process of driving down costs through loss leading in welfare to work services has led some providers to submit bids far below the cost at which they are able to work with anyone other than those who are most easily placed into employment, a situation which if repeated in the process is similarly likely to lead to providers side-lining prolific offenders in service delivery due to the high costs involved.

We therefore urge the Government to be cognisant of this issue in developing the tendering process and pricing structures of rehabilitation programmes in order to ensure that the aims of supporting all former offenders is met.

Given inevitably limited resources and our expectation that a large proportion of the contract will be delivered under a fee-for-service model, in order to create the right financial incentives under PbR, the Ministry of Justice may wish to focus the available resources on targeted cohorts, growing over time as the PbR model is proven. It would be a better use of public funds in the long-term to apply a small proportion to PbR at the right price now to create the right incentives than rolling it out across the board from the off at the wrong price, compromising its long-term chances of success.

Question C4: How should we specify public sector oversight requirements in contracts, to avoid bureaucracy but ensure effective public protection arrangements?

Social Enterprise UK recently conducted significant research into the public services industry in the UK, the findings of which were reported in the [Shadow State](#). The report found that neither the Government nor the public had access to sufficient information about public procurement to hold practices and processes to account and, crucially, to ensure that at a macro level there is sufficient oversight of public procurement to prevent the development of oligopoly providers that are too big to fail.

In order to address this, Social Enterprise UK recommends that the following proposals are implemented:

- A public right to information: The Freedom of Information (FOI) Act and the powers that support transparency urgently need reviewing. As outsourcing of public services expands, the public's right to information is shrinking. The Act only applies to information that a public authority holds about a contract or which it can compel a contractor to supply to it, rendering the powers of the Act no longer fit for purpose. FOI powers should be extended to companies delivering public services, but these should be revised to take account of proportional cost burdens on smaller providers, appropriate timeframes for independent contractors, and clear guidelines on information that contractors are required to provide

under FOI. More broadly, clear and easily accessible performance data should be made available in order to ensure accountability.

- Preventing unfair competition: An independent contracting oversight body should be established to scrutinise contracting decisions and prevent unfair competition. It should be overseen by the National Audit Office but have sufficient weight and power to challenge and overturn departmental decisions. It should have the powers to issue penalties when organisations fail to deliver outcomes and these result in cost to the public purse.
- Rolling out open book accounting: Open book accounting should be rolled out with supportive guidance for all public sector contracts worth more than £250,000. When adopted effectively, open book accounting can mitigate against excessive profiteering, increase transparency, improve the sharing of risk and promote more effective partnerships where all partners are motivated to find the most effective solutions.
- Taking past performance into account: Performance under previous contracts should be explicitly weighed up as part of the decision-making process in procurement decisions. At present, when evaluating tenders public authorities rarely have information on whether bidders have previously breached their commitments in other tenders with other public authorities. Public authorities should be allowed to take into account relevant information ‘a priori’ (during the selection phase) on bidders, including bidders’ prior track record both positive and negative. Consideration should be given to the development on ‘quality of work’ indicators that would help public authorities in this process.

Question C7: What steps should we take to ensure that lead providers manage and maintain a truly diverse supply chain in a fair, sustainable and transparent manner?

Question C8: What processes should be established to ensure that supply chain mismanagement is addressed?

Please note that the following response takes questions C7 and C8 together

Social Enterprise UK has long welcomed the Government’s commitment to ensuring a “truly level playing field between the public, private and voluntary sectors”, and we believe that the creation of a mixed market with a level playing field will ensure that the public have a greater choice between diverse, quality providers.

In line with this, we support the Ministry of Justice’s commitment to fostering and maintaining a diverse supply chain in rehabilitation services. Indeed, it is in the interests of the commissioners to preserve a diversity of supply in the local markets and ensure that those offenders with the most complex needs have access to providers with the expertise to support them. This will be threatened if small providers are driven out.

In order to achieve diversity amongst providers, it is essential that the overall structure of rehabilitation programmes, in terms of contracts size and payment mechanisms, are conducive to participation from providers with a wide variety of organisational models and sizes, as outlined above.

Further, we strongly encourage commissioning authorities to structure their procurement process to ensure that prime contractors not only recognise the value of small, local delivery partners and make commitments to work with them on fair and equitable terms, which are enshrined in the legal contracts. For example, they could:

- ⤴ Seek commitments around the volume and nature of the work subcontracted: this could take the form of a requirement in the tender process to identify which members of the consortium will be contracted to deliver which outcomes, working with which cohorts and at what scale. All processes should be conducted with full transparency and will prevent bad practices such as using third sector organisations as ‘bid candy’ by primes- i.e. misrepresenting the level of their involvement to secure a contract. This practice has also resulted in situations where VCS subcontractors in the Work Programme found themselves receiving far fewer referrals than expected, meaning that they are unable to recoup the costs of bidding and building the capacity they expected to need.
- ⤴ Require a minimum proportion of the work required by the prime contract to be subcontracted to social enterprise, voluntary sector and SME providers and take social, economic and environmental considerations into account in selecting subcontractors.
- ⤴ Specify the basis and terms upon which the commissioner expects their successful bidder to contract with their sub-contractors.
- ⤴ Ensure that prime contractors agree the terms of their principal sub-contracts as part of the final stages of contracting to protect against them passing on undue or disproportionate risks further down the supply chain later.
- ⤴ Protect against risks which are beyond the control of sub-contractors from being passed on down the supply chain. For example, voluntary sector organisations and social enterprises delivering a contract on behalf of a prime contractor may have some PbR elements which are different to the main PbR measure(s) in the overall contract as some results may be beyond the sub-contractor's control, for example, linked to the effectiveness of restructuring/cost-cutting undertaken by the prime.
- ⤴ Specify subcontractor organisations are guaranteed a sufficient number of referrals to make their participation financially viable.
- ⤴ Ensure that pricing of different cohorts is reflective of the costs involved in working with them, in order to avoid ‘creaming and parking’.

Effective and intelligent risk management is a key factor in successful supply chain management. Within rehabilitation contracts, this is clearly a sensitive area and must be carefully managed.

Best practice commissioning should be sufficiently flexible within service specifications to allow for innovation and should develop mechanisms to share risk. In line with this, a culture change is required which moves public procurement beyond viewing risk as a purely financial matter. Risk calculations must be broadened to take delivery outcomes and market plurality issues into account in order to ensure that maximum benefits are delivered to the public.

Question C9: How can we ensure that the voluntary and community sector is able to participate in the new system in a fair and meaningful way?

Question C13: What else can we do to ensure the new system makes best use of local expertise and arrangements, and integrates into existing local structures and provision?

Please note that the following response takes questions C9 and C13 together

Social enterprises are based on the principles of mutualism, co-production and participation. They offer a model where people, be it staff, service users or community members, are given a direct voice in running their organisation; where public assets can be locked into community ownership; and where people are empowered to transform their lives and the lives of those around them.

Further, they are highly regarded for their work in delivering services for hard to reach and complex groups, including within justice services the most prolific offenders. They work within delivery models which are highly personalised and often developed in collaboration with expert frontline staff, service users and community members, they are able to provide effective services to complex individuals. Ensuring the participation of social enterprises and other local experts within rehabilitation delivery supply chains is therefore key to ensuring better outcomes for individuals with complex needs.

In recognition of this, the Government has consistently encouraged the “creation and expansion of mutuals, co-operatives, charities and social enterprises” and called for “these groups to have a much greater involvement in the running of public services”. Commissioners are market makers in public services, and therefore practice that enables a plurality of providers to participate in the market is key to realising the Government's ambitions with regards to social enterprises, voluntary organisations and SMEs.

Alongside the Cabinet Office and Ministry of Justice, we recognise the potential for “spinning-out” probation trusts into new mutuals. However, to fully realise this potential Government will need to apply considerable resources to support the creation of mutuals in a short space of time. This could mean the provision of a suite of enablers and entitlements as were made available under the Department of Health’s Right to Request programme, including direction from Ministers and a well-resourced specialist unit of officials, guidance, finance, backfill, time, hands-on support and the drive and commitment to arrive at technical solutions around initial contracts, pensions, insurances, etc. Furthermore, Departments may wish to reflect on how the DH policy which was restricted to asset-locked, mission-locked social enterprises made tangible practical advances within a relatively short time period. Aside from the enablers and entitlements outlined above, we believe that government should consider the impact such protections and characteristics, embedded in mutual models, will have on the appetite from staff and communities to support their growth and success.

Our responses above have highlighted the areas which must be borne in mind in order to foster this diverse market, ensure the participation of social enterprises and deliver the best outcomes for local needs. These are:

- contract size
- risk/oversight
- working capital and risk capital
- supply chain management fairness

Contract size

We have discussed earlier how contract size precludes the vast majority of social enterprises from engaging effectively in public service markets as they are beyond the scale of the vast majority of social sector organisations. Social sector organisations also work to a dual purpose – as social and financial. They are unable to take the kind of risks that private sector organisations can take at the expense of their charitable objects or social mission. Experience in other public service markets such as the Welfare to Work arena has reinforced a fear among the sector of entering as a subcontractor due to the lack of control over outcomes.

We therefore propose that there be 37 Contract Package Areas in line with Police and Crime Commissioner (PCC) boundaries as both a manageable number of contracts for the Ministry of Justice but address the challenges of scale and risk faced by the social sector.

Risk and oversight

One of the principal criticisms of public service markets is the lack of transparency on outcomes, processes and financing. We believe that open book accounting should be adopted for these contracts. When adopted effectively, open book accounting can mitigate against excessive profiteering, increase transparency, improve the sharing of risk and promote more effective partnerships where all partners are motivated to find the most effective solutions. It can showcase poor supply chain management, top slicing and other poor behaviours at the earliest stage. Also given that for the majority of instances this will include a number of different partners – commissioner, prime contractor, subcontractors and social investors – it can ensure that purpose is aligned and the contract works in the interests of all parties and ultimately the public.

Timescales

Some of the risks in PbR stem from deficiencies in the way the commissioning process operates particularly with regard to timeframes. This is particularly important when it comes to the need to attract social investors as partners. When bringing together complex partnerships be it including the mutualisation of probation trusts, joint ventures, complex supply chains and social investment sufficient time must be allocated to building these relationships, carrying out the due diligence required.

Working capital and risk capital

When operating in public service markets – PbR presents a considerable challenge to social enterprises. For most private sector providers this is not a problem, as they will be able to call on their own resources or obtain commercial loans to cover their working capital needs. For social enterprises, however, which are often asset-poor, have limited reserves and may be unable to access commercial finance, the working capital gap can present a real obstacle. This can be particularly challenging for staff-led mutuals with no trading history.

Social investment has the potential to solve this problem by offering investors (with a greater capacity to take on financial risk) the chance to support organisations providing working capital and risk capital to social enterprises with PbR service delivery contracts. It is therefore important for the Government to ensure that it removes some of the barriers that are currently making it difficult for social investors to get involved in the PbR market².

² For further detail on the exact nature of these barriers see CAF's *Funding Good Outcomes* report: <https://www.cafonline.org/pdf/Funding%20Good%20Outcomes.pdf>

It is imperative that the Ministry of Justice recognises the need to bring together social investors with social enterprises and primes in this new market landscape. Private primes may have had little experience and knowledge of social investment and for a diversity of providers to play a role in this market, these relationships will need to be actively fostered by the Ministry of Justice.

Supply chain management fairness

As we have discussed earlier, supply chain management and oversight is vital to enable the participation of a wide range of organisations of different sizes and from different sectors. We encourage commissioning authorities to structure their procurement process to ensure that prime contractors not only recognise the value of small, local delivery partners but make commitments to work with them on fair and equitable terms, which are enshrined in the legal contracts (what this may include is listed in the answer to C7 and C8 combined).

The Ministry of Justice may want to consider developing a set of standards or principles which prime contractors would be required to adhere to; this set of standards could work along similar lines to the Merlin standard.

Question C12: Given our proposals for the commissioning structure and the proposed responsibilities of the public sector, what kind of delivery structure would be most appropriate for the public sector probation service?

When the Government is contracting – by-results, we believe it is critical that consideration and further investigation is given to delivery structures where the balances of interest are aligned through joint governance arrangements. This could be through the creation of community interest joint ventures or through the inclusion of community-appointed, non-executive directors. This allows for the protection of public funds through appropriate governance, which aligns incentives between taxpayer, providers, investor and service users – reducing complexity, transaction cost and perverse incentives.

Question C17: How can we use this new commissioning model, including payment by results, to ensure better outcomes for female offenders and others with complex needs or protected characteristics?

Question C18: What are the likely impact of our proposals on groups with protected characteristics? Please let us have any examples, case studies, research or other types of evidence to support your views.

Please note that the following response takes questions C17 and C18 together

We don't believe that large scale contracting is appropriate when it comes to working with groups with protected characteristics. These groups require specialist knowledge and support – an area where the voluntary and community and social enterprise sector excel many of whom will be small, locally based organisations. They either need to be commissioned separately or alternatively the supply chain must be adapted and developed to allow for the risk to be reduced for these organisations.

Questions C19: Do you have any further comments on our proposals for Transforming Rehabilitation in this document?

The UK's public services industry is a powerful social, political and economic force. It affects all citizens. It employs millions of people and moves billions of pounds around the UK and its economy. Our concern with these proposals are that they once again favour a small number of providers dominating the market. When a small number of companies have large and complex stakes in public service markets, they also have a great deal of control over how they work, often at the expense of transparency and genuine accountability.

The longer term implications of this can often reduce choice for the commissioner as smaller providers are squeezed out considerably increasing the cost and negotiating power of large providers.

Further in many cases a saving in one part of the public purse creates an equal or greater loss in another – for example bidding on price usually creates a race to the bottom on wages, fuelling low pay and inequalities. Low pay has a huge social impact, necessitating in-work benefits which taxpayers must fund, and making it impossible for large sections of the workforce to prepare financially for their old-age and retirement. This also means we are storing up further costs for future taxpayers.

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