



Commissioning and Procurement: Older Peoples' Health & Social Care Change Up Project



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1. Introduction

Change Up was a central government initiative that aimed to maximise infrastructure support for voluntary and community organisations. Its key themes were to promote efficiency, excellence and sustainability in an environment that reflects and promotes equality of opportunity and diversity. In London it was brokered and managed by the Government Office for London. It has now been replaced by Capacity Builders.

An application was made to the Change Up fund for a short term project to enable Voluntary and Community Organisations (VCOs) to better understand the commissioning and procurement environment for older people's health and social care services. The aim was to explore the opportunities and challenges that the commissioning and procurement agenda presents for the Voluntary and Community Sector (VCS) and infrastructure organisations in the sector who are working to support VCOs who want to engage with commissioning. This is set against a background of enormous change for both the health and social care sector.

The bid was aimed at bringing together commissioners and the voluntary sector to develop better mutual understanding and relationships; promote partnership and shared understanding between the voluntary sector organisations; together look at opportunities for promoting the sector to commissioners and service users.

2. Background to Change Up

The Treasury's cross-cutting review of "The Role of the Voluntary and Community Sector in Service Delivery" (2002) recognised that the sector and Government have a common interest in building the capacity of voluntary and community organisations (VCOs). The review made a number of recommendations to maximize the capacity of VCOs.

As a result the Home Office published Change Up, a framework for capacity building and infrastructure in the voluntary and community sector (VCS). This was developed in partnership with the sector.

Change Up identified the support that the voluntary sector would need, as agreed with the sector as:

- structured for maximum efficiency
- offering excellent provision
- accessible to all
- truly reflecting and promoting diversity
- opportunities for sustainable funding

The implementation of Change Up was supported by Home Office investment of £150 million at national, regional, sub-regional and local levels. Most of the funding was allocated in the regions to support sub-regional and local projects. The aim of investment was to act as a catalyst for change, in terms of VCS infrastructure, and to increase the sustainability, quality and support available to the VCS.

There were six national Change Up Hubs, set up by consortia of Voluntary and Community Organisations at national level to progress the aims of Change Up in the following areas:

- Performance Improvement
- Workforce Development
- Information and Communications Technology (ICT)
- Volunteering
- Finance
- Governance

In April 2006 the lead responsibility for Change Up, including £70m investment, was transferred to a new appointed agency called *Capacity Builders*. This aims to further support the voluntary and community sector.

In London, the Change Up programme has been overseen by a cross-sector London Regional Consortium (LRC) facilitated by Government Office for London (GOL).

3. The Project - Commissioning and Procurement: Older Peoples' Health & Social Care

This was a six-month project funded by *Change Up-Embedding Quality, Improving Reach* stream. It was a partnership project between Age Concern London (ACL) and the five sub regional CVS Networks / Partnerships in London.

The overall outcome of the project was to enable infrastructure organisations and the VCS to be better informed and better placed to engage with the commissioning and procurement agenda in relation to older peoples' health and social care services.

It was also an opportunity to investigate the opportunities and obstacles of partnership working in terms of organisational cultures, norms and practices.

3.1 Project Aims

- For Age Concern London (ACL) to work in partnership with the five CVS sub-regional Partnership Co-ordinators to deliver a programme of sub-regional workshops/events, and a regional event, investigating the

commissioning environment, and opportunities and barriers for the voluntary and community sector within that environment.

- Building on local work already taking place, to bring together commissioners, providers, Age Concern organisations and older peoples' groups to explore ways of working and responding to the 'new' commissioning agenda, and for infrastructure organisations to be better informed to equip frontline organisations to respond.
- To facilitate a regional event, led by Age Concern London, to disseminate the outcomes and lessons learnt from the sub-regional events. The event will be targeted at those who participated in the sub-regional events and other regional bodies from the VCS and health and social care sectors.
- To produce a final report, prepared by ACL, and disseminate it as a means of sharing outcomes and lessons learnt.

3.2 Project Outcomes

It was agreed that the partnership needed clear and defined outcomes for the project, and while the outcomes were largely aspirational in terms of the resources available, it was felt that the need to be aspirational and opportunist in a changing commissioning environment was important.

The general outcomes for the project were:

- Increased strength of the VCS in the five sub-regions.
- Opportunities for commissioners to be better informed to enable them to understand the sector's strengths and independence as a result of the activities.
- Greater awareness that contracts commissioned should reflect the needs of older people from diverse communities.
- Contracts established with inclusion of involvement of older people in the planning and designing of services.
- Better positioned and equipped providers in the VCS providing health and social care services to older people.
- As part of the awareness raising, a desire to create greater plurality of choice for older users of health and social care services.
- Opportunities to improve the confidence of the VCS in terms of commissioning and tendering, particularly for older peoples' services.

- Opportunities to reach Black and Minority Ethnic (BME) and/or refugee organisations, to offer involvement in the 'new' commissioning and procurement agenda as result of participating in the events.
- Involving smaller community groups in the 'new' commissioning and procurement agenda as a result of participation in the events.
- Learning from working in partnership between regional, sub regional and local organisations.
- Increased involvement of Age Concern Organisations (ACO) in working with their CVS.

3.3 Methodology

The work plan was agreed and directed by a steering group chaired by Age Concern London. The steering group met on a bi-monthly basis to agree and monitor the work plan, discuss progress and manage emerging issues.

It was clear from the outset that these meetings would be crucial to the success of the programme. This was because all of the organisations had differing capacity issues, expectations and delivery mechanisms in relation to the delivery of the programme.

Equally as interesting was the different organisational cultures that were working together. All of the organisations valued the opportunity of working in partnership but all acknowledged the problems that this could invoke when having to work to a very tight timetable. The Change Up programme had only a very short time scale in which to deliver the outcomes. This meant the norming of differing organisational values had to be achieved very quickly if the targets and time scales were going to be achieved.

To ensure that the programme could move at the required pace, all partners expressed their concerns and needs at the first planning meeting. This enabled capacity issues to be addressed and shared understanding about outcomes to be achieved.

It was acknowledged that the need to address the external commissioning environment was being explored at large in the voluntary and community sector, and that it would be prudent to link any planning to existing events to maximise resources.

It was also acknowledged that the five CVS sub regional organisations differed in size in terms of the numbers of CVS that needed servicing and supporting; to this end different approaches would need to be taken in each of the five sub regions in terms of rolling out the programme.

Each sub regional group prepared a report as a result of the work that was undertaken in this project.

4. Key Issues and Challenges for the Voluntary and Community Sector

The events held locally across the London region brought together a range of VCOs working with older people, and also commissioners of services for older people's health and social care needs. They provided a welcome opportunity for VCOs, infrastructure organisations and commissioners to meet – in some instances for the first time. The discussions produced a wide range of issues for both the VCS and commissioners and the key issues, concerns and challenges are outlined below.

4.1 Diversity of the sector

There was a significant debate in all the events around the wider implications for the voluntary and community sector and its sustainability. There was wide recognition that while public sector contracts may provide greater financial security and opportunity for growth and sustainability, there could be an adverse affect on other parts of the sector, especially smaller more community based services, and for the diversity of the sector.

There is a lot of uncertainty about the implications of commissioning and procurements on existing services and whether they will be undermined. There are many valued services that will not fall under commissioner priorities. VCOs are going to have to contend with maintaining other types and sources of funding for other services, or take strategic decisions around scaling up or scaling down, diversifying or specialising.

There are wide concerns about whether smaller VCOs will be able to compete and survive. There is a tension between costs and local delivery, and concern that commissioning will result in fewer genuinely community led services, which will disproportionately affect BME and other groups of particular communities.

If local authorities value the knowledge and expertise of local voluntary sector services, then they must ensure their commissioning and procurement processes do not result in local specialist organisations being closed down, as funding is sucked up by big competitive national charities or even private / independent sector providers.

4.2 Independence of the Voluntary Sector

A recurring concern is that VCOs will become service providers defined by the commissioners needs and there will be little room for advocacy, campaigning, or innovative work because no one will give contracts to pursue these activities. While local authority and PCT contracts should be based on local needs, often they are responding to national directives. The public sector is still seen as large bureaucracies which respond slowly to change: one

conference participant asked “if we are focused solely on chasing contracts, then who responds to local needs as they develop?”

Others have stated that they have experienced much greater levels of independence as a result of delivering public services. As long as targets are achieved there is more flexibility in service delivery, and opportunities for any surplus to be spent on other activities. Some funders are aware of the need to provide grant aid to support activities other than contracted services and to support innovation and campaigning.

Finally there was a significant level of concern around the distinct values of the VCS and the possibility of VCOs becoming indistinguishable from local government services, and consequently losing their value base. Will public perceptions of charities and the willingness to support them via donations of both time and finance change? Will they become seen as just another ‘arm of the state’? Many VCOs rely heavily on volunteers, and maintaining identity and values is critical to be able to recruit motivated volunteers

4.3 Funding

For the stability of service provision, all local authorities need to move away from annual funding and provide 3-year plus funding. The mutual interest in this needs to be recognised. The voluntary and community sector needs higher levels of financial security, local authorities and service users need stability of provision, and the public needs to be confident of proper management and administration of public funds.

Commissioners need to acknowledge and develop a commitment to the core/management costs on a full cost recovery basis, as a necessary part of contract negotiations; otherwise VCOs are subsidising a statutory service. There is a lack of clarity, particularly among VCOs that have not tendered before for contracts, about what costs can and cannot be included.

Contracts which release funding at the end of the contract period can present some VCOs with cash flow difficulties, and discourages smaller organisations who cannot manage a cashflow with payment in arrears. Commissioners need to ensure payment at intervals to avoid this.

4.4 Workforce and Skills Issues

The commissioning agenda reveals the need for the development of skills and knowledge for all parties. Many participants raised issues about staff in both commissioning organisations and delivery VCOs not always having the necessary experience and skills in negotiating contracts. Additionally issues around the knowledge and expertise required of trustees or board members in strategic planning and managing change were raised.

There is much talk of the need for VCOs to develop their workforce. According to the Voluntary Sector National Training Organisation “there is clear evidence that voluntary and community organisations face considerable skills gaps and

shortages" (VSNTO ' Why a Skills Strategy for the VCS?' April 2004) and claims that these include:

- Generic skills such as management, leadership and ICT
- Occupationally specific skills for care, conservation etc.
- Sector-specific skills such as fund-raising and managing volunteers

4.5 Governance

Trustees need to 'up their game' in getting to grips with the implications of the commissioning agenda and strategies for growth or change. Boards need to be clear about why they want to be involved and whether their mission needs to be revisited. For example, is engaging with the commissioning and procurement agenda about transforming types and quality of service? Or is it about new roles and spreading overheads?

4.6 Monitoring, recording and accountability

Requirements and expectations of funders can be complex, bureaucratic and onerous, often with significant variation between agencies. Commissioners need to recognise the administrative and technical support needs required for monitoring and reporting, and allow it to be included in costings. Monitoring requirements focused on key objectives and performance indicators (PIs) should be negotiated as part of the contract.

4.7 Partnership Working

It was generally recognised that there exists a gulf in understanding of each other between VCOs and commissioners, and that there is a need to establish closer working relationships which will benefit both parties, with potential for the provider to be recognised as an equal partner.

Dependency on personal connections and contacts within organisations can present difficulties; when key personnel leave, organisations can suffer disproportionately, and those organisations who don't have personal relationships can be disadvantaged. A consistent message heard at all the events was that VCOs are often unsure who the commissioning officer is within the PCT or local authority, and that it is not always easy to find out the information. This is often due to the frequency of personnel change within the statutory sector.

Many VCOs feel that local authorities do not understand the breadth and diversity of the sector and also the pressures on VCOs. Some participants felt that 'voluntary' is often understood as 'amateur' or 'unprofessional' and that the skills, expertise and professionalism of VCOs are not always appreciated.

Many VCOs will need to form consortia or partnerships in order to compete. Many VCOs focus on competition within the VCS but more consideration needs to be given as to how the sector generally will work together and compete with the private /independent sector. This will require VCOs to work together to pool resources and capacity in order to compete.

Example of Consortia Working:

In one London borough a consortia of local VCOs successfully bid to provide alternative services to former day centre users, after the local authority decided to change their statutory day centres for older people to care only for those requiring intensive care.

The local voluntary sector at the time was comprised of quite small and old-fashioned organisations that had no experience of applying for tenders. Initially this opportunity was discounted as being 'too difficult' if indeed it was known about. However, an adviser to one of the day centre boards (a retired director of the local CVS), called a meeting of voluntary sector day centre service providers to consider the possibility of putting in a joint bid. There was considerable reluctance to take on what was seen to be a vast amount of work in developing the bid. Finally it was agreed to try to put a bid together after the retired CVS director agreed to draft the bid document.

The Consortium bid was chosen by the local authority, and the consortia were required to sign a Service Level Agreement within 14 days. The tight timescale, when all documents had to be circulated among partners, and when the consortium itself had no legal entity, provided many challenges. For everyone involved the process was a learning experience, and some of the key lessons include:

- allow time for partnership working and sharing information.
- always check documents with a solicitor before signing them.
- if the Consortium is not itself a legal entity, as in this case, then be clear about who is authorised to act on behalf of the consortium and can sign legal contracts. In this case it was the parent body of the day centre who initiated the joint bid. Be aware that this places a financial reporting burden on the parent body.
- there needs to be someone to guide smaller voluntary groups through such processes. CVS need to be aware of conflict of interest situations and make provision for this.
- be very aware of the work you are contracting to take on, and specify that which is not included. The local authority may, knowingly or unintentionally, try at a later stage to undertake work which they consider to be within their remit and which the group does not.

5. Opportunities for the Voluntary and Community Sector

Although the discussions raised some important concerns and challenges, it was clear that many in the VCS see commissioning and procurement as a unique opportunity for the sector. Some of the key opportunities identified are outlined below:

- The VCS is used to working in an insecure funding environment and commissioning opportunities should provide relatively secure and possibly increased funding for essential services.
- There is greater potential to generate or secure funding to contribute to the development of the organisation and care costs.
- Commissioning can provide greater flexibility in service delivery and the use of the resources, providing the contractual outcomes and targets are delivered.
- VCOs can demonstrate added value of procuring from local services, for example:
 - Employment of local people
 - Knowledge of local area
 - Use of local volunteers encouraging citizenship
 - Long term commitment to the local area
 - Existing presence, including premises
 - Adaptable to local needs
 - Holistic approach to service users
 - Complimentary services
- There will be greater opportunity to develop new partnerships and collaborative working.
- With the emphasis on prevention and healthy ageing, the VCS has experience and expertise in this.

6. Recommendations for Commissioners

- i) Statutory agencies must take a lead role in creating a more level playing field for VCOs to deliver public services. Most of the documents have been designed for the convenience of the procurer and less thought has been given to their impact on smaller-scale providers. Commissioning and procurement shouldn't come down to who understands the forms and processes best, but rather who can deliver the services more effectively and appropriately.

- ii) There needs to be a robust communication strategy in each borough, making use of web based information, so that it is clear to all:
- who to contact i.e. a named contact
 - how to contact them
 - what the opportunities are with realistic time scales

This will ensure the best organisations are involved and the process of commissioning and procurement is transparent and accessible for all providers.

- iii) There should be opportunities to bid for parts of a service as well as a whole service.
- iv) Local commissioning officers need to consult with the VCS before they decide on the specification for contracts, as VCOs are often closer to users and local communities and understand local need. Local VCOs should be involved in the redesign of services at an early stage including the preparing the service specification and criteria for decision making.
- v) Local provision, local communities and local economy should be prioritised and valued. Local knowledge and benefits should form part of assessment criteria in order to grow local providers. Procurement officers need to be much more aware of the work which local voluntary and community organisations are doing, and ensure that there is a range of flexible services to meet local needs and not just services to meet government targets.
- vi) Invest in their local VCS to ensure successful tenders. This might include working with and/or funding local infrastructure organisations to ensure adequate skills and understanding of the procurement process, either through training/seminars or one-to-one support.
- vii) Work with local infrastructure organisations to provide opportunities for VCOs and commissioners to come together and develop relationships.

Example:

In February 2005, Havering Association of Voluntary and Community Organisations invited representatives from local community and voluntary organisations to a meeting to discuss their experiences and needs regarding tendering services to the Local Authority. This has since been followed up by breakfast meetings hosted by both the local authority and the local PCT commissioners.

- viii) Local authorities, PCTs and other statutory agencies need to work together to ensure a joined up approach to local services.
- ix) In drawing up assessment criteria commissioners should take full account of the added value local VCOs bring and not just a cost based assessment. Statutory agencies need to consider the value of commissioning local voluntary and community organisations, be aware of the consequences of contracting predominantly with either private business or large national charities, and ensure some form of weighting within tenders.
- x) Procurement officers need to be much more aware of the range and quality of work the VCS is doing and address issues around commissioning officers understanding i.e. that voluntary does not mean amateur, and that free services (those that have been grant funded) do not mean sub-standard services.

7. Recommendations for VCOs

- i) VCOs need to undertake strategic reviews and adopt new strategies and business plans for service development. Boards of Trustees or Management Committees, as well as senior staff, need to be skilled up to do this well.
- ii) Identify and plan for skills gaps among the workforce and Trustees/Board members.
- iii) Be prepared to think outside your comfort zone e.g. sub regional working, mergers, cross sector collaboration, consortia, stopping an activity, starting new ones etc.
- iv) Make it your business to meet your commissioners.
- v) Become comfortable with selling yourself in a competitive environment with an emphasis on the added value you can bring – know your unique selling point (USP).
- vi) Engage in shaping local procurement strategies - don't wait until local authorities tell you what is needed.
- vii) Review and improve monitoring and evaluation systems to develop evidence bases with a specific focus on outcomes and qualitative indicators.
- viii) Review your information needs and IT systems for data capture.

8. Recommendations for Infrastructure Organisations

CVS's generally need to be much clearer about the range and level of support they can offer to local VCOs. Areas where support would be useful include:

- i) Developing and delivering support and toolkits for Trustees and Management Committee members to guide them in making considered decisions on whether to participate in the commissioning agenda, the associated risks and issues around autonomy and control.
- ii) Producing a good practice guide on forming consortia, including model agreements.
- ii) Taking a co-ordinated and shared approach to developing the skills and expertise of VCOs staff and volunteers, in order to maximise learning and share knowledge. A range of opportunities for staff development should be developed. CVSs could broker relationships between training organisations, funders and VCOs.
- iii) Facilitating and brokering partnerships and consortia that allow smaller organisations to be deliverers.
- iv) Encouraging collaboration over competitiveness, to encourage VCOs to 'play to each other strengths'.
- v) Facilitating consultation and discussions with local commissioners, bringing them together with local providers.
- vi) Guidance and training in:
 - Putting together bids and contracting
 - Risk analysis
 - Engaging in negotiations
 - Strategic planning
 - Learning to 'sell' services and unique selling point (USP)
- vii) Facilitating the sharing of good practice and resources e.g. training resources.
- viii) Managing information so that smaller VCOs don't have information overload.
- ix) Benchmarking of service unit costs to ensure VCOs are efficient in their use of resources.

- x) Support to VCOs who want to look at merger, acquisition, sharing management functions etc

9. Project Conclusions

It is acknowledged that that there are both opportunities and challenges for the voluntary and community sector in the emerging commissioning environment.

The Strengths of the Voluntary Sector

The voluntary and community sector have clear strengths in the health and social care field. They remain a trusted source by their clients, in terms of their impartiality, commitment to service provision and understanding of their clients needs.

In terms of responding to changing client needs the services offered by the voluntary sector are renowned for their flexibility.

Development and Support Needs

The voluntary and community sector is comprised of a variety of organisations, differing in size, capacity and culture. This means to effectively compete against the statutory and private sector for the provision of service to its various client groups it will be necessary to develop mechanisms to assist the development of consortia and partnerships. This will require clear direction and leadership. The sector is clear that this will bring its own challenges, but also recognises the opportunities that shared understanding and expertise and shared resources will bring.

The need for the voluntary sector to be recognised in its professional capacity needs to be enshrined in commissioning cultures. The voluntary and community sector therefore needs to spend some resources in marketing its strengths to the health and social care sector.

Abbreviations

ACL	Age Concern London
ACO	Age Concern Organisations
BME	Black and Minority Ethnic
CVS	Council of Voluntary Service
GOL	Government Office for London
ICT	Information and Communications Technology
LRC	London Regional Consortium
PCT	Primary Care Trust
USP	Unique Selling Point
VCO	Voluntary & Community Organisation
VCS	Voluntary & Community Sector

This report has been produced by Age Concern London but does not necessarily reflect the views of the organisation.