

KENT COUNTY COUNCIL

SELECT COMMITTEE - COMMISSIONING

MINUTES of a meeting of the Select Committee - Commissioning held at Swale 1, Sessions House, County Hall, Maidstone on Tuesday, 14 January 2014.

PRESENT: Mr M J Angell (Chairman), Mr M Baldock, Mr M A C Balfour, Mr H Birkby, Mr N J D Chard, Mr G Cowan, Mr T Gates, Mr C R Pearman and Mr M J Vye

PRESENT AS A WITNESS: Mrs J Doherty

IN ATTENDANCE: Ms D Fitch (Democratic Services Manager (Council)) and Ms J Sage (Assisting Research & Business Intelligence)

UNRESTRICTED ITEMS

3. Minutes of the meeting held on 16 December 2013
(Item. 2)

RESOLVED that the minutes of the meeting held on 16 December 2013 were agreed and signed by the Chairman as a correct record.

4. 2.00pm - Informal discussion of Background Research - Briefing notes and research papers
(Item. 3)

The Committee discussed aspects of the briefing note and research papers that had been circulated at the meeting of the Committee on 16 January 2013. There was a specific discussion around "Social Value" and its application.

5. 2.45pm - Judy Doherty, Business Transformation and Programme Manager, Customer and Communities
(Item. 4)

1) The Chairman welcomed Judy Doherty to the meeting and invited her to outline to the Committee her role in KCC and to answer questions from Members of the Committee.

(2) Judy explained that she worked in the Customer and Communities Directorate; her line manager is David Weiss (Head of Business Transformation and Programmes, who reported to Angela Slaven) and that her areas of responsibility covered a number of factors related to the County Council's relationship with the voluntary sector and the social enterprise sector, for example, working with commissioners to help build understanding of the current operational environment for the voluntary sector and to advise on engagement with the sector.. The team also works with colleagues in Business Strategy on developing a new relationship with the Voluntary Sector.. The aim was to enable the voluntary and community sector organisations to operate within a commissioning environment, in which there is greater use of contracting and less emphasis on grant funding.. Judy works with the Kent Community Foundation who also administer, on behalf of

KCC, the Big Society Fund, which helps new and existing social enterprises access loan finance on bespoke terms which are designed for them.

(3) Judy referred to the launch of the Volunteering Charter which was part of the Olympic and Paralympic legacy work and which is a statement of KCC's commitment to supporting volunteering.

(4) Judy stated that she worked directly with the voluntary sector in relation to Kent's Partners Compact, which is Kent's relationship agreement with the sector (Compact is a national agreement). The Compact for example covers the way that KCC and other statutory bodies enter into funding agreements and a code of practice on volunteering. She stated that every local authority in the country receives annual Freedom of Information requests from Compact Voice regarding their Compact and any changes in funding arrangements. Compact Voice publishes a report annually.

Question – Are you able to explain your role in relation to the issues to be explored by the Select Committee as set out in a) to g) of the agreed Committee themes?

(5) Judy explained that she did not directly commission work herself, part of her role was to work with commissioners to help them to understand the pressures on the voluntary sector, and to help the sector build its understanding of commissioning processes including needs assessment and outcome focused delivery. Commissioners regularly consult with providers regarding the impact on them and to take into account the feedback.

Question – One of the main problems is the question of barriers especially for smaller organisations, do you have a view on that?

(6) Judy stated that the major policy issues for the voluntary sector were the dual problem of being able to secure capacity for forward planning and financial stability in a changing funding environment. There is also a sense that the voluntary sector is in a new contractual and funding environment which has the potential to compromise the 'independent' lobbying voice of the sector.

(7) Judy stated that the typology developed by NCVO describes different types of voluntary sector organisations. Some were described as service providers, and this segment overall had seen growth as a result of government contracts, of which local government was a part. In the last financial year after a period of growth, they had seen a plateau and some dip in income and assets. Some reports say that the sector is healthy because there is still growth in this segment, but it is difficult to get reliable data about the majority of the community and voluntary sector. A large number of these VCS organisations have an income of less than £5k and are therefore not registered with the Charity Commission. These include groups such as Parent Teacher Associations, who fund raise and spend, but this segment includes groups which are very local and are set up to deliver specific services in relation to a perceived need in the community. These often struggle to be financially viable and may only have one member of staff or be run entirely by volunteers. They have limited ability to plan growth or the capacity to do this. Judy drew attention to the vulnerability in that part of the sector.

Question – how can KCC help?

(8) Judy explained that KCC worked hard to help the voluntary and community sector to improve their offer and there also was a lot of sector-led transformation. Recently the Cabinet Office had invested in this with its “Transforming Local Infrastructure Fund”. Nationally this has been used to bring about mergers and collaboration and to develop more on-line support for voluntary organisations. This has not necessarily produced wholesale transformation but has made steps towards it. There was a need to think nationally about rebuilding strategic partnerships. This was an area where the local authority could help but it was a question of what was the most helpful way to do it. KCC, as a commissioner is required to give consideration to social value but KCC had a duty to spend money well.

Question – There are a number of voluntary sector bodies which deliver services in a locality, there was an aspect of a prime contractor i.e. a body which drew in smaller providers to make a contract with KCC. This was the idea of the Kent and Medway Care Service, which brought together voluntary and provide providers, what is your view on this model?

(9) Judy stated that this model was encouraged i.e. to bring together a consortium of organisations to bid. One version of this model was to have a prime contractor wins the bid and sub-contracts to other bodies. There are examples of this with Department of Work and Pensions contracts. One criticism of this model is that the smaller voluntary organisations sometimes find that the risk is passed down to them. Another version of this model is where there is a consortium which is wholly voluntary sector-led or a mixture, who have worked together in the providers field for some time and who come together to use their expertise to bid. They work out amongst themselves how to finance the work etc. There is an example of this in Kent in Domestic Violence services. Generally consortiums had not taken off in a big way in Kent. Also in relation to Social Care, the use of personal budgets means that service users themselves have purchasing power.

Questions – In your view are we being a bit unfair to the smaller organisations by having short term contracts as they are not able to plan or be geared up. If there were longer term contracts maybe they would be in a better position to bid?

(10) Judy stated that the Compact encourages 3-year funding arrangements.. Annual funding was an issue as it is always up of renewal.

Question – have any of the organisations that you are aware of come back and asked for a 5 year contract?

(11) Judy stated that no organisations had come to her about this.

Question – On page 7 of the papers paragraph 1.3.4 states that micro organisations account for half of all voluntary organisations in the UK but for only 6% of the total sectors income, does this mean that a lot of voluntary organisations in Kent are run on a shoe string?

(12) Judy explained that within the micro organisations group some were like Parent Teacher Associations which raise money to spend and only spend if they

have the funds. Others, approximately 60% to 75% of voluntary organisations, receive no statutory funding and are dependant on fundraising.

Question – When you go out to tender could foreign firms bid?

(13) Judy replied that she was not an expert on procurement law but that she was not aware of the voluntary/community sector outside of the UK tendering for contracts in Kent.

Questions – Are voluntary bodies delivering the advice and support that we need as an organisation? How can we engage smaller groups and enable them to engage with us? How do you think we adapt out processes to accommodate voluntary groups that we want to work with?

(14) Judy stated that there were two major issues, firstly how can we retain a unique sector that is valued and secondly how can we operate in a changing financial environment. There was no doubt that the commissioners in KCC had an interest in business development that the sector infrastructure bodies can offer, but this is not to say that KCC can be a main contributor and shape demand. Judy emphasised that the users also shaped demand not KCC alone. National and local infrastructure bodies helped voluntary sector organisations to help their community; they give the voluntary sector a lot of advice on how to engage. There is little available for commissioners to help them understand the issues of voluntary sector organisations of different sizes. The Compact can assist and involves the engagement with different sizes of voluntary organisations.

Question – In relation to question 1 on page 13 of the papers (What mechanisms and incentives would prevent contracting authorities from asking unnecessary and burdensome questions during the procurement process?) What is the attitude in Kent?

(15) Judy explained that the report of the Independence Panel expressed concerns that the environment was becoming more competitive. Whilst there is evidence of an element of competition in the sector there is also a lot of evidence of mutuality and working together, they are beginning to explore coming together as consortiums.

Question – I am concerned that larger private companies have already got an interest in place and do not welcome voluntary groups and SME's. These larger companies can use their size and expertise to marginalise those other groups, what as a Council are we doing to ensure that the voluntary groups and SME's are not marginalised?

(16) Judy stated that this was really a question for Procurement colleagues, they would be able to tell the Committee what the limits were and where there was room for manoeuvre.

Question – Do you have a wish list? Are there processes that you come across that you wish you could improve in order to move the whole process forward? Are there some things that you would like to see driven in a different way?

(17) Judy referred to volunteers; she would like to see the use of volunteers by organisations being considered as part of social value considerations.. Also what is positive about commissioning is that it has the potential to unlock innovation, it opens government funding to new organisation that are innovative.

(18) Judy stated that she was particularly concerned about how to manage the transition from grant dependency to new funding arrangements and the way that funding changes are impacting on organisations. We could say all is well as there is growth in the voluntary sector, but the growth is predominately through government contracting which is leading to funding difficulties for some organisations. Commissioning colleagues are aware of this. It is important to find a way to pursue changes which can improve services but there is a need to recognise the transition issues.

Question – Commissioning of Youth Services, how was that managed, Speaking of my experience of one District, social value was identified in the Consortium, there were organisations who were struggling to support one youth worker, when they came together and agreed to form a consortium, local interest and knowledge made it happen. Social value from this was 10 times greater than anticipated. However in other areas this does not appear to have been the case. Is local better than global? It is necessary to accept that there are differences across Kent, how can we manage those differences?

(19) Judy stated that her colleagues Nigel Baker and Andy Jones, whom the Committee would be seeing, would be able to describe the way that the Youth Service Commissioning had been carried out. There was a dynamic purchasing framework used and this had helped to ensure that local needs were addressed. The outcome was a high proportion of smaller voluntary sector organisations were able to win contracts. There have been other examples of this such as the Schools meal contracts which have a local element.

Question – What insights are there to be gained from the commissioning of Community and Youth Services? Also in Kent local authorities and the voluntary sector are going down big contract and sub contractor route, are there any compacts?

(20) Judy explained that the Kent Partners' Compact was unusual in that there was a single overarching agreement for Kent which had been signed up to by all of the statutory organisations and the voluntary sector. Some compacts in the Country are looking to bring the private sector to the table. She stated it was important to ensure that the Compacts conditions were reflected in sub contracts.

Question – What mechanisms are in place to rectify problems with the Youth Service contract in certain areas?

(21) Pippa stated that this was something that the Committee could ask Nigel Baker when he meeting with the Committee. Also the question of having the right specifications and performance management were issues that the Committee could raise with Karen Sharp, Head of Commissioning – Public Health and Henry Swan, Head of Procurement.

Question – It is important to hear from service users. There are a proliferation of voluntary organisations and quasi voluntary organisations which were previously grant added but we may look to commission services from. Is commissioning services from the voluntary sector efficient, does it cost a lot to do this?

(22) Judy stated that there were cost in relation to procurement and commissioning. Voluntary organisations were geared up to the needs of service users. There was the issue of whether smaller organisations, three quarters of which had no statutory funding could resource bidding and tendering or if they are literally a band of local volunteers working for the common good in their community.

(23) Judy alerted the Committee to the data and information that was available on <https://www.bigsocietyweb.com/>. On the home page there was a link to the [Kent data tool](#) which contained data extrapolated from the national data. It was possible to drill down by District which would give Members data (excluding micro organisations) on the registered charities in the area including their income, number of employees, what they spend in Kent, their assets and what kind of services they offer.

Question - I hope that we look at all options, in some areas it is cheaper for the Council to employ directly than to go through the process of tendering contracts every 3 years. There is a risk that if relation to volunteers who work for free e.g. litter picking, if you put structures around them and pay them then there is a risk that you will loose them as it goes against the reason why they are doing it. What are you views?

(24) Judy replied that there was a fine line around what constitutes an organisation or a group of individuals who don't regard themselves as an organisation but individually care about and are active in their area.

(25) The Chairman thanked Judy her work to support the Select Committee and for answering questions from Members