



## AGENDA

### SELECT COMMITTEE - COMMISSIONING

Thursday, 30th January, 2014, at 10.00 am      Ask for:      Denise Fitch

Wantsum Room, Sessions House, County Hall,      Telephone      01622 694269  
Maidstone

*Tea/Coffee will be available 15 minutes before the start of the meeting in the meeting room*

#### Membership

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

#### UNRESTRICTED ITEMS

*(During these items the meeting is likely to be open to the public)*

- 1      Declarations of Interests by Members in items on the Agenda for this meeting.
- 2      Questions/themes that the Committee are investigating as agreed in the Terms of Reference (16/12/13) (Pages 3 - 6)
- 3      **10.00am** - Peter Heckel, Director, Project Salus (Pages 7 - 10)
- 4      **11.00am** - Carolyn Mcvitte Stepahead Support (Pages 11 - 16)
- 5      **12.00** - Thom Wilson, Head of Strategic Commissioning (Children's) (KCC) (Pages 17 - 18)
- 6      Wrap up/key points

#### EXEMPT ITEMS

*(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)*

Peter Sass  
Head of Democratic Services  
(01622) 694002

**Wednesday, 22 January 2014**

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## **KCC Commissioning and Procurement Select Committee Themes**

**The questions/themes that the Committee are investigating as agreed in the Terms of Reference (16/12/13) are:-**

What do we (KCC) need to do next to become a better commissioning authority – with a particular focus on removing barriers to entry for the provision of KCC services from new providers, particularly small to medium sized enterprises (SMEs) and members of the voluntary, community and social enterprise sector (VCSE).

Is KCC using its commissioning processes to ensure it meets its duties under the Social Value Act?

How, in becoming a commissioning authority can the voluntary, community and social enterprise sector (VCSE) play a more important role in the provision of KCC services.

The issues to be explored are

- a) the strategic context and our role as a commissioning organisation
- b) the costs of entry into KCC commissioning and procurement exercises, and if these costs present a significant barrier to new providers
- c) how any barriers to entry for new providers might be mitigated or removed
- d) the extent to which KCC decommissions and re-commissions services based on provider performance
- e) How KCC can best discharge its responsibilities through the Social Value Act
- f) the type of social benefits that should be sought through commissioning /procurement practices (e.g. apprenticeships)
- g) the extent that social value requirements be sought throughout the KCC supply chain

**Themes in detail: This is intended to give a flavour of the issues that the Committee might wish to explore through their Hearings, it is not intended to be prescriptive or relate to a specific witness and is to aid thinking.**

### **a) Role as Commissioning Organisation and Strategic Context**

- What is Commissioning?
- Do we understand as an organisation what we want or are trying to achieve? Are we sufficiently focused? Are we a provider or commissioning organisation?
- Do we have a clear understanding of our role as a commissioning organisation?
- What is our commissioning strategy?
- Are there any strategic barriers to achieving the transformation Kent needs through commissioning? How might we mitigate these?
- Is there clarity around budgets & commissioners ability to enact the strategic direction?
- What does successful commissioning look like? What do we do well and what can we improve? Are we an intelligent client? Do we know what we want and don't want?
- How do we balance our service requirements and budget of council and using the VCSE sector?
- Where can County Council Members add most benefit within a commissioning organisation?

**b) Market Development - What are the costs of entry into KCC commissioning and procurement exercises and do these costs present a significant barrier to new providers?**

- What are the costs of entry into KCC commissioning? Is access to the market equitable?
- How does this affect the sectors? Business return/profit?
- What does this mean from a provider perspective?

**c) Market Development - How might any barriers to entry for new providers be mitigated or removed?**

- What are the barriers for providers? How might these be mitigated? e.g. costs of insurance, contract length, capacity, skills, Legal/Tupe)
- How proportionate is paperwork to spend/contract value? What have we/can we do online to reduce burdens?
- How much of our provision is with VCSE, SME's? What are our targets/guidelines for procuring Kent business? Services from VCSE? SMEs?
- How are we supporting VCSE? How can the VCSE play a more important role in the provision of KCC services as we become a commissioning authority? What else might we do?
- How do we work with SME's? What else might we do?
- What are the implications of subcontracting? What are the learning points about large suppliers using SME's/VCS's? What might we do to support large private suppliers and VCS sector working together?
- How is Kent actively shaping and developing the market, what else might we do?
- What part does the construction of the proposal and contract type chosen influence which providers tender?
- Can VCSE sector and SME's build own capacity? Maintain rate of growth?

**d) Commissioning/Contract Management –**

**Do we decommission / re-commission services based on performance?**

- Why is re-commissioning/de-commissioning important? Are the processes clear?
- Do we have a clear picture of what we are spending and with whom?
- How are we developing the market through decommissioning and re-commissioning? What are the benefits of particular procurement models (e.g. Dynamic purchasing model)?
- How is decommissioning influenced by nature of service and market?
- Contract monitoring – What are the realities of outcome focused commissioning? How successfully are we monitoring outcome focused contracts? Are the outcomes specified the right ones for contract – activity or outcome based? Do we understand model procuring into/service pathways and key part supplier plays, interdependencies and specific attributable outcomes? What can we learn?
- How do we reward providers for past performance? Do we assess past experience of providers in procurement process? How can we build previous experience of providers into procurement process?
- What is our approach to managing contracts, in particular poorly performing providers? What do we need to get better at?

- Is there clarity of roles between commissioner and provider/supply? Do we understand our role as a commissioning organisation and have the skills to support this? Are we good commissioners?
- How can the right commissioning and contract management help meet KCC's savings targets? In managing contracts what do we do well, what should we do better? How might we modernise our approach? Do contracts include good specifications and the necessary levers? How have other LA's approached this e.g. Essex?
- How should we balance the need for contracts that give time for innovation, companies to make a return and enable Kent to decommission and ensure good market development? Within our contracts is there capacity through length of contract for service re-design and innovation?
- What are our relationships like with suppliers – how could these be better?
- What impact does length of contract have on providers entering the market, performance managing a provider on outcomes, provider gain and added social value?

**e) How can KCC best discharge its responsibilities through the Social Value Act**

**f) What type of social benefits should be sought through commissioning and procurement?**

- Are we meeting the duties of the social value act?
- How can we use commissioning to ensure meet duties under social value act?
- How have we worked with providers to achieve social value? (e.g. apprenticeships, waste)
- Do our procurement systems allow wider public value judgements to be included in the assessment of tenders so that the added value of the voluntary and community sectors can be recognised in the decision about procuring our goods and services?
- How does the nature of the added social value depend on the procurement model, sector or individual provider?
- To what extent should social value requirements be sought throughout the KCC supply chain?

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## **External Witness Biographies - 30th January 2014**

### **Project Salus**

Project Salus, previously known as Kent Safe Schools, offers a range of innovative services in Kent to benefit children, young people, their families, schools, educational settings, professionals and communities, and is developing services to be delivered across the whole of the South East of England.

Their services include direct support to children and young people, working with families, accredited and non-accredited training of school staff and other professionals, policy review and development, and advice/guidance.

They strive to ensure positive outcomes by providing services that will improve the social skills, educational outcomes and emotional health and well-being of children, young people and their families.

Attending the Select Committee today is: Peter Heckel, Director

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## **Project Salus submission to KCC Commissioning and Procurement Select Committee**

Project Salus has submitted a number of tenders to both Specialist Children's Services and Integrated Youth Services. The company has enjoyed success and experienced disappointment across both commissioning teams.

### **Issues to explore**

**Approaches to commissioning:** KCC and the services it commissions, may benefit from a unified and corporate approach to commissioning. While all commissioning processes we have engaged in have been rigorously managed, the experience when dealing with the various commissioning teams in terms of the structure, timescale and nature of the process varies greatly. There may be benefits to both KCC and potential providers if a consistent, centralised approach was adopted.

**TUPE:** TUPE is nationally recognised as a significant barrier for organisations when deciding whether to submit a tender. Currently however, the information made available, the advice offered and practice in this area can be inconsistent. In some cases detailed information is supplied before submission allowing the tendering organisation to fully consider the cost implications and include in its submission; Other times the TUPE implications are only shared once the tender has been 'won' and this leads to delays in implementation and frustration on all sides.

**Prescriptive tender specifications:** KCC have frequently stated that they are keen to adopt an outcome based commissioning model. In our experience however, a number of specifications are prescriptive about the service to be delivered rather than the outcome to be achieved. This could potentially remove the tendering organisations ability to be innovative and could reduce outcomes.

**Barriers to smaller organisations entering the market:** The sheer volume of work required to complete a submission often puts off or rules out a large number of very good providers. This is especially true of the smaller voluntary organisation. While a number of positive measures have been put in place to counter the effects of this e.g. subcontracting, community grant funding etc, this is still worthy of note.

**Commissioning processes:** Commissioning in KCC, at its best, is collaborative and enables all parties get the most value out of the contracts. While we recognise the need to critically evaluate applications and exercise rigour in implementing the process, on a small number of occasions this has felt adversarial. For an inexperienced provider this can be a deterrent from participating and also may cause reputational issues for KCC.

**Quality of feedback:** The feedback we have received has been invaluable and it would be useful to have some consistency in the way in which this is provided.

**Summary:**

Project Salus Directors have participated in numerous commissioning processes in KCC and other Local Authorities. Overall, our experience at KCC has been very positive and the partnerships forged will undoubtedly result in improved services and outcomes for the people we serve. The points made here are thoughts about how the range of providers could be supported more fully and the commissioning processes enhanced further.

## External Witness Biographies - 30th January 2014

### Stepahead Support

Operating since 1995, Stepahead Support has provided services in Kent, Bexley and Medway. Our mission is to 'make a positive difference to the lives of children, young people, their families and communities through tailored, specialist support.' We provide support, advice and guidance to children, young people and families who are experiencing difficulties in their lives and where this adversely impacts upon their ability to thrive and achieve their full potential. Our preventative work avoids the likelihood of young people entering the care system or requiring long term statutory intervention. Our crisis work supports young people and families with the most appropriate intensive support for their individual needs to bring about long-term positive achievements.

Our activities target young people at risk in a variety of settings including those living at home/foster care, leaving care, homeless, in council/private accommodation and supported accommodation. Our specialist support enables them to overcome personal and social problems that can cause or lead to social exclusion. Our person centred approach effectively engages the whole family where possible through placing family members at the centre of support, tailoring support to individual need. Using this holistic, solution focused approach Stepahead Support endeavours to engage the whole community around the young person including their family, peers and neighbourhoods. Stepahead is able to deliver support in a range of settings including the young person's/family home, school, one of our centres and within the community.

Stepahead Support offers a portfolio of services in Kent including:

- **Family Mediation** - The mediation service is commissioned by KCC and is a County wide service. The service is accessed solely through the CAF process with referrals screened by the manager before allocation to a mediator by the coordinator. This is a pure mediation service and not a generic family support service. The interventions that Stepahead deliver with families are grounded in a holistic and family focused approach to assessment, planning, delivery of interventions, case review and case closure. Solution focused models are applied to evidence progress with families and in aggregating progress with all families.
- **Young Healthy Minds** – This service is commissioned by KCC as a County wide service and delivered as part of a consortium approach. Stepahead provides support in Canterbury, Dover and Thanet. Staffing is made up of qualified therapists and counsellors and experience support workers. YHM is accessed

through the CAF process. The YHM service objectives are to support young people with their emotional health and wellbeing, in order to meet their developmental milestones and support them to achieve their potential.

Attending the Select Committee today is: Carolyn Mcvitte, Managing Director.

## Stepahead Support

### Background

Stepahead Support has been delivering support services to children, young people and families in Kent since 1999 through funding received predominantly from KCC. Prior to the rebranding to Stepahead Support the services were known as Moving Forward and Breakthrough. In the main the contracts were year on year rolling, with the occasional one for 3 years with multiple short term extensions as the commissioning process was introduced. KCC's decision in 2011 to invite organisations to apply to be accepted onto a framework was welcomed as a means to identify organisations who delivered high quality services within high quality standards. This ideal was good, as it would enable KCC to commission services from organisations that reached the required standard. The original acceptance % level was reduced, allowing many more organisations the opportunity to tender for future work than would have originally been eligible. This approach did not encourage a positive and transparent commissioning relationship between KCC and service providers with the message being that KCC didn't realise how many contracts they currently funded and their purpose.

#### **a) Role as Commissioning Organisation and Strategic Context**

- What does successful commissioning look like? What do we do well and what can we improve? Are we an intelligent client? Do we know what we want and don't want?

Successful commissioning needs to consider intelligence regarding the need, the desired outcomes and previous/current good models of service delivery. Relationships between commissioning and those awarded a contract must be effective and co-operative with strong communication. Commissioning should look to compliment and/or enhance existing services based on a clear and evidenced based understanding on need, outcomes achieved and gaps in service delivery. Existing and potential service users should play a role in the development of services and the tendering process.

Commissioning has been less than effective in the past and to an extent now, with KCC being unclear of what they need a service to look like and what it should achieve. This had led to decommissioning of services and a delay in the re-commissioning of new services, leaving service users without access to support and organisations forced to make redundancies. Other services have been commissioned with little communication between government funded services e.g. KCC, CAMHS, and Offending. Focusing purely on the need to reduce expenditure quickly is not an intelligent way to commission effectively in the long term. KCC should work proactively with the sector rather than being reactive to external pressures.

The Q & A part of the tender process is generally good and provider events allow an insight into the process. There have been occasions where it is more a case of KCC using the events to glean information from the providers to better inform their decision making, however if this leads to a needs led tender being released, then that is positive.

KCC must be fair and equitable and provide adequate financial resources to deliver the requirements of a specification. They must also keep to timeframes they set for themselves, as they expect the providers to do.

#### **d) Commissioning/Contract Management – Do we decommission / re-commission services based on performance?**

Stepahead has specific experience of a service being decommissioned before a re-commissioning process began. This service had not had any issues raised regarding performance and was documented as a well regarded and highly valuable service. Therefore the assumption is that the decommissioning and re-commission was not based on performance but driven by financial considerations. The timeline from beginning to end of the process was December 2010 to March 2013. The impact of KCC's management of the process resulted in 4 rounds of staff being put at risk, uncertainty for service users and ended with staff being made redundant due to the gap in decommissioning and re-commissioning. Although successful at the tender stage, many experienced staff were employed elsewhere.

- **Contract monitoring – What are the realities of outcome focused commissioning?**

It is absolutely right that commissioning has to focus on outcomes. In the past KCC has often focused on outputs and numbers rather than the impact on service users. However, the journey travelled to reach the outcome is even more important and rigid contract monitoring reduces the ability to demonstrate this effectively. Generic monitoring forms that are intended to fit all services delivered within the early intervention services to record outcomes are cumbersome, time consuming and often irrelevant. The time spent completing those takes staff away from delivering frontline work, and the cost for delivers can be high in terms of creating bespoke databases to capture information.

In the past contracts were monitored by local managers who had a real understanding of the service, how it operated and the outcomes it achieved. This allowed for strong relationships to be built enabling for quick resolution of issues and response to new identified need. Innovation could be nurtured with local variations to contract to meet specific, local need agreed. County wide contracts with strict and inflexible terms of service delivery stifle any innovation there may be. Recent restructures within KCC have seen multiple changes to contract officers, some of whom have no local or specific knowledge of the service being delivered. The contract reviews have moved from being a meeting of equals to a Headteacher: pupil relationship. Scrutiny is good, but it must be proportional to the size and nature of the contract and allow for scrutiny both ways. The process can feel process driven and not relationship building.

- **Contract length**

Increasing contract awards to 3 years in length is a vast improvement that allows services to fully develop their models of delivery and integrate them with other relevant services. It supports small organisations with sustainability and enables them to work with service users and communities to achieve long term outcomes and mutually supportive environments. It is a vast improvement on the historic yearly rolling contracts, often with no formal review of the contract taking place.

## **Conclusion**

It is acknowledged that the introduction of commissioning through tendering has been a learning curve for KCC and deliverers alike. The systems and processes have forced some deliverers to withdraw from the market, irrespective of the quality of the services delivered. The process favours larger, more experienced providers who have the resources in terms of time and staff to respond to opportunities. With a high emphasis on price, it also favours those organisations that have the financial capacity to absorb costs elsewhere in their organisation. Requirements regarding offices, insurance levels, TUPE implications and monitoring can exclude some providers or dissuade them from submitting a tender, despite having the working practices and skills to deliver effective and high quality services. With a rigid

procurement process, pockets of excellent service are lost where small organisations cease operating when they lose a contract.

The one aspect that is in danger of being lost are the children, young people and families who need support to bring about positive changes to their lives and who are reliant on KCC commissioning services that meet their needs.

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From: Thom Wilson, Head of Strategic Commissioning - Children

To: Select Committee – Commissioning and Procurement -  
30<sup>th</sup> January 2014

Subject: **Children’s Commissioning**

Classification: Unrestricted

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## **1. Background:**

The new Commissioning Structure in Families and Social Care was established in October 2012 with three teams: Children’s commissioning, Adult Community Support and Adult Accommodation Solutions.

This report covers the commissioning function for Children’s Services. This covers commissioning and strategic support to Strategic Children’s Services and includes fostering and residential services, services for disabled children, early help and prevention, Children’s Centres and Access to Resources. From April this year there will be a new Prevention Division providing early help, early intervention and prevention services. The children’s strategic commissioning unit will provide commissioning support to this Division.

There has been a significant amount of progress within children’s commissioning over the past 2-3 years. In this time the commissioning unit has established robust arrangements to understand the services being provided and clear protocols for procuring and monitoring services. There has also been a considerable investment in raising the level of commissioning skills through accredited training delivered by IPC.

Since September 2013 the role of Head of Service has also included responsibilities for Children’s Transformation, with a specific lead on social care transformation and the “0-11” transformation programme. These are being managed alongside commissioning.

## **2. Current position:**

### ***Services & Spend***

- Approximately £175m is spent on Specialist Children’s Services
- Of this £40-45m is spent with external providers. Therefore unlike in adult services only 25% of the spend is with the external market
- We currently spend £9m on Independent Foster Care Agencies (IFAs) and £10m on residential placements. However the majority of foster placements (approximately 80%) are with the In-House fostering service
- A framework for IFAs has been in place since June. In this time 119 children have been found foster placements with 33 separate organisations
- Other commissioned services and grants account for £20m, covering care leavers, children with disabilities, early intervention and children’s centres

## **Key Challenges**

Having improved commissioning processes and practice in recent years, the critical challenge facing children's services is to improve the **impact on outcomes** and **value for money** of the services that we commission.

There is an acute need to manage spend within children's services, whilst at the same time ensuring we are keeping all children safe, and preventing problems that will preclude children from developing and achieving their potential.

In delivering this we need to:

- Focus our efforts on the key priorities of the council to ensure that the services we commission impact on our most important outcomes;
- Continue to improve as commissioners – becoming more sophisticated in our understanding of social value and the market place;
- Focus on integration both within KCC and with our partners. We need to understand and develop “customer pathways” and align our services so that they contribute;
- Engage more with service providers and service users, as partners to improve our understanding and effectiveness;
- Embed transformation within commissioning, understanding opportunities for system changes, rather than focusing on services and their impacts in isolation
- Support the voluntary sector away from grant funding to more transparent and outcome focused contractual arrangements.

### **3. Key Commissioning and Procurement Activity:**

The following are key commissioning and transformational activities that have recently taken place and are embedded, are underway, or are planned:

**Independent Foster Agency Framework** – an exercise was undertaken to establish a framework arrangement that enables us to source high quality, cost effective foster placements for vulnerable children. We are continuing to work to gain the benefits of this.

**Children's Centre Market Review** – following the recent review of centres we are about to undertake a market review to establish whether the council is the best provider of centres in the long-term, or whether an independent sector provider would be better placed.

**Early Help Reviews** – in line with the establishment of the Prevention Division we are undertaking reviews of all services designed to support children and families without the need for a statutory intervention. We are currently planning a provider engagement event to discuss the role that they can play in this.

**Thom Wilson**  
**Head of Strategic Commissioning – Children**  
**Families and Social Care**  
**30 January 2014**