

Background paper**1. Overview of KCA experience**

We welcome KCC's intention to continually review and scrutinise commissioning; it is often seen as a mechanism of government that does not in itself merit much attention, which has led to a situation where benchmarks, frameworks and in fact much intelligence and useful data about commissioning itself is almost impossible to find. This is not a Kent issue, but is a serious national issue. We have no particular specific issue with KCC's procurement and commissioning practice. In our experience the quality and processes of procurement are standard and competent.

2. The cost/benefit of commissioning

There is no available data on the cost of commissioning, or a standard way of measuring either cost or benefit. This means that commissioning costs are not quantified in terms of value for money or impact on the resulting service, and it is impossible to gain anything more than an impression about whether or not Kent performs well or badly compared to other areas. Kent is following a necessary policy of achieving savings through procurement; it seems to us that understanding the costs of a commissioning exercise against the intended benefits (financial and otherwise) would be useful to target and control this policy. This would need to be done across more than one other area.

As providers we are acutely aware of the cost to us of commissioning. Around a third of our existing business is retendered every year, and retaining it is a difficult and specialist job. Therefore several specialist job roles at senior level, and much of our senior-level time, is devoted to tendering. Any provider is more likely to lose a contract on retendering than to retain it, and the average 'hit rate' for winning a new contract bid is between 20-40%, which is standard in the sector. This means that most of this expenditure is unproductive and is loaded into the cost of the successful bids. When the costs to commissioners of evaluating 10-15 unsuccessful tenders per exercise are added, this makes commissioning a service, which might already be performing very highly, a significant drain on public funds. We don't think there is a single satisfactory 'answer' to this; longer contract terms, more streamlined processes etc. may work in some instances but be detrimental in others. We would like to see a more 'intelligent' approach where tendering costs, are tailored against anticipated benefit.

3. Market confidence

We are a voluntary sector provider. Nobody directly benefits financially if we grow or contract in turnover, we do not seek or make profit, and our stated ethos is about helping people and communities, not about winning business, although we are

Drug, alcohol and mental health services

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comfortable with the latter where it is the route to the former. The current preponderance of competitive tendering, and an emphasis on transformation and change, is difficult to manage within our ethos.

Because contracts do tend to change hands every 3-6 years, it is hard to engender loyalty amongst frontline staff, who are likely to be TUPEd to someone else at some point however well or poorly they perform. Senior staff have to repeatedly win new contracts to replace likely losses in order to keep their jobs. This fast-moving storm of contract turnover includes tangible elements of antipathy and fear, affecting the aspirational desire to 'do good' which is one of the traditional strengths of the voluntary sector. It also stops organisations sharing information and best practice, as those who might benefit are usually business rivals. Some consideration of protection for good performance, and provision for positive bonuses and incentives, might help create a more aspirational and productive market.

4. Consideration of alternative models

Whilst we are not experts in European commissioning regulations, we believe there are alternative models of commissioning which may be worth exploring. In particular, procurement processes rarely involve communities or require engagement and dialogue between stakeholders in co-design. One model, which has been trialled in some areas, is for the process to choose a provider which has the best fit with the requirements, rather than choosing the best proposed service. The service is then specified post-award in partnership with the provider. This would allow commissioners to properly test a model, rather than trust what has been written in a tender.

Other options may include standardising information required at Pre-Qualification Questionnaire stage, which would reduce workload for organisations such as KCA and would provide comparable information across procurement teams and services.

We are not aware of any research which evaluates the quality of a tender submission with the resulting performance of an awarded contract. If commissioners were able to undertake site visits and inspections, and have more dialogue with prospective suppliers, instead of relying on scoring a paper submission and 45 minute presentation, this may give added reassurance and better risk management.

We have never understood why price is part of the award criteria for Part B services. The budget available is clearly defined and approved. Building an incentive into the procurement process to make further savings seems to remove a tool by which commissioners can pursue best value from the resource available to them. We are not clear how the resulting savings are allocated – do they sometimes end up funding something which may be of less priority?

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5. Co-ordination of commissioning

KCA is currently preparing to write six tenders to defend existing contracts, all on the same four-week timescale. We will not be tendering for anything else in this period as we do not have any further capacity. If commissioners were able to better understand activity trends across the whole marketplace, rather than just within their own area of benefit, then bottlenecks could be avoided. This would result in better quality and more considered tenders, and better access to the wider marketplace for commissioners. Longer timescales for writing tenders, perhaps three months instead of one month for example, would make it easier for prospective providers to plan around the bottlenecks where they do occur. We also see trends of tenders which need to be written during August or in the run up to / over Christmas, as commissioners often want to get their specifications out in advance in order to hit the financial year or to allow summer holidays.

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