

KENT COUNTY COUNCIL

SELECT COMMITTEE - COMMISSIONING

MINUTES of a meeting of the Select Committee - Commissioning held at Swale 2, Sessions House, County Hall, Maidstone on Thursday, 6 February 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

IN ATTENDANCE: Mrs P Cracknell (Research Officer Scrutiny & Evaluation, Business Intelligence), Ms J Sage (Assisting Research & Business Intelligence), Mrs K Mannering (Democratic Services Officer) and Mrs C A Singh (Democratic Services Officer)

UNRESTRICTED ITEMS

19. **10.00am - Pete Turner, CEO Carers First (provide carers support in West Kent) Lorraine Williamson, CEO, Crossroads Care East Kent (provide respite services for carers in East Kent)**
(Item. 3)

(1) The Chairman welcomed Peter Turner and Lorraine Williamson to the meeting and invited them to outline to the Committee their roles in supporting KCC, and to answer questions from Members of the Committee.

(2) Lorraine introduced herself and explained that the role of Crossroads EK was to provide respite to family members who were carers. For more than twenty years the service had received grant funded from KCC and Health Authority - which have been consistently rolled over. Recognised the grant funding process has its own set of problems. But commissioning model has a new set of challenges and new ways of working which were not particularly useful to all voluntary agencies, particularly smaller organisations.

(3) Protracted consultation periods and contract roll over for the last four years have been both harrowing and stressful. Commissioning has brought change but rapid change.

(4) Commissioning modelling brought some concerns:

- Tendering process could have very restricted timeframes when introducing a new process and often held over Christmas break.
- Restricted timeframes affect current working arrangements and meant unable to properly consult with service users before tendering.
- Tendering process lacked opportunities to demonstrate the value and strengths of services
- Smaller charities are being encouraged to merge with larger organisations and parts of their quality bespoke work disappearing.
- Drive for voluntary agencies to 'partner up' - merger or consortia - ignored legalities (i.e. differing areas of benefit) or timeframes to enable merger and tender. Expectation is to complete and compete in a four week time frame.

- No recognition that Trustees were volunteers often without the business acumen required to operate as Directors; for example Crossroads have many ex-carers on their board who are rightly concerned of the changes in legality and their responsibilities. As a result many trustees are reluctant to merge with other organisations so organisations are at risk of folding.
- Call off contract unit cost pitted voluntary sector against the commercial / private sector who could subsidise their tenders / bids to ensure entry into these new business areas.
- Very complicated for organisations new to contractual and bidding processes. There is a general lack of knowledge in relation to tender procedures/specifications and very little help from authorities except regarding technical questions.
- Market events were a waste of time, KCC need to share specification but primarily seen as an opportunity to gauge your competitors
- Bidding processes limit organisations ability to demonstrate VFM / added value especially when only have 500 characters on the electronic forms. Cannot show the difference can make – accessing additional income streams, etc.
- Frameworks not working - i.e. have been on the Children's Services Framework for over a year with no business opportunities apparent.

(5) Peter introduced himself – he has been chief executive for last 2.5 years and is a former commissioner of children's services in Westminster. He agreed with much of what Lorraine had said that the contractual process can be onerous, time intensive and risky but also wanted to add a different slant.

(6) Recognised that both the country (UK) and the county (Kent) have financially difficult decisions to make; those decisions will unfortunately pit charity against charity and ultimately there will be winners and losers.

(7) But the third sector has a choice to bid for contracts - having four ways to raise charitable funds:

- I. Charitable giving - currently down 17% across the sector
- II. Grants - are diminishing and increasingly competitive
- III. Statutory funding vs commissioned service provision
- IV. Selling products

(8) As a sector we can work competitively and win contracts from the private sector by using their good (business) practice and competing by proving how what we do which adds value beyond the specification. Have 180,000 UK charities - expectation we all do good things. Now we need to prove it via VFM, social value and quantifying the financial input with outcomes.

(9) Infrastructure organisations need to enable and support the sector to compete. Currently the sector is not ready, we cannot make comparable measures across the third sector or with private sector competitors. We need to change.

(10) 177,000 carers estimated in Kent, carers organisations between them know about 15-20,000 carers. That means vast majority not getting a service – we need to ensure all carers can benefit from our services which means we need to change to accommodate their needs.

(11) Working smarter requires investment in IT to demonstrate our costs and measure our outcomes. Contracting with the third sector adding right pieces to the jigsaw = What / How / When:

- KCC specification
- Reflected in third sector business plans
- Performance management systems
- Demonstrable outcome measures
- Demonstrable Unit Cost

(12) Third sector must be able to demonstrate through tendering process social return / additional benefits measures which would enable it to compete with the private sector.

Question – Clearly there is an issue of unit costs vs flexibility of a grant. Can charities compete to deliver bids and tender or should KCC recognise professional in services but challenged by tendering / bidding processes?

(13) We choose to compete for contracts. Third sector needs to become more professional and recognise that it is in competition. The harsh reality is we cannot continue to expect financial mechanisms based on 'we do good things, give us money'.

(14) We must be able to prove it and evidence how we make a difference. Early intervention does reduce costs but need to prove that it could be done For example 40% of residential care admissions due to family care breakdown.

Question – Professionalization of trustees: to what extent could infrastructure organisations provide the support and help make up the deficit?

(15) Concerned organisations do not have the expertise themselves but do and can offer low level support. They need additional technical expertise of commissioning modelling, technical wording, bidding processes etc. Procurement training courses provided by purchasing in the expert training.

Question – Should you not be talking to Commissioners?

(16) Yes, we do but currently very one-sided not reached joint decision making re: specifications.

Question – Some smaller charities exist as larger charities were not working at their local level - how do we maintain that level of specialism?

(17) It is the choice of individual charities how they use their experience. Jointly, need to look at filling the gaps which may mean not completely squeezing the ability to seek grant funding - as bespoke organisations cease to exist if the localised area grants are removed. It was acknowledged that funds (i.e. small grants of £15K) are needed to help in identifying and support the needs of certain areas.

Question – being blunt KCC does not owe the voluntary sector a living and some organisations appear to have met the challenge by being dynamic and growing from that success?

(18) Must recognise there are average and below average across all sectors of service provision. We are all in a shake-up situation and better intelligence will ensure over time we have the best systems. But it is dependent on what KCC ultimately wants. Still believe there is a place for grants within a commissioning model with the correct modelling.

(19) The Chairman thanked Lorraine and Peter for helping the Committee with their work and for answering questions from Members.

20. 11.00am - Diane Aslett, Development Officer, Age UKs in Kent Consortium plus two Consortium Managers: Nigel Vian, CEO, Age UK North West Kent & Gillian Shepherd Coates, CEO, Age UK Sevenoaks and Tonbridge
(Item. 4)

1. The Chairman of the Select Committee welcomed Diane Aslett, Development Officer, Age UKs in Kent Consortium, accompanied by two Consortium Managers; Nigel Vian, CEO, Age UK North West Kent and Gillian Shepherd Coates, CEO, Age UK Sevenoaks and Tonbridge to the meeting.

2. They had received questions and themes that the Select Committee were investigating in preparation for the meeting. A copy of their response was included in the papers and considered by the Select Committee.

3. Age UKs in Kent Consortium encouraged by the positive engagement with KCC on building the joint commissioning offer. Each of the Age UKs in Kent are independent charities with affiliation to Age UK, the national charity, through a Brand Partner Agreement only.

4. However, there are a number of issues for consideration. Firstly, poor communication. Age UK NWK won a contract potentially worth £415,000 in March 2012 and to date no progress had been made since the original bid. Verbally they had received word that the funding was suddenly no longer available although they understood that attempts were being made to source alternative funding. After twelve months they were still waiting for official written communication on what had happened to the contract and whether they are going to have to bid again. Tendering was an expensive process for organisations. The market needed confidence in the bid process. This contract required multiple stakeholders' cooperation and dependencies. It later transpired that still no arrangements had been made with the Health Service in the NWK area/CCG to organise the referral route. Without the full commitment of the health service to organise processes, resources and procedures for service referrals then even if the money was available the Health Service would not be in a place to proceed now. Age UK NWK and the bid related subcontractors that were committed to providing the service locally were left hanging. There was no certainty of whether the funding would ever become available for the contract.

5. There was now more performance management requirements within tenders, contracts and grants to be cost effective. Contracts in principle were now outcome focused whereas in the past they were based on quantitative data for which staff spent a lot of time monitoring facts and figures for reports rather than ensuring that outcomes were delivered. Future tenders needed more emphasis on measuring outcomes not just outputs.

6. AGE UKs in Kent Consortium were proud of the Advocacy contract with KCC and this had proved to be a great success with high levels of collaborative working across agencies to meet the grant agreement.

7. Since the new KCC Commissioning Team had been in place there had been a dramatic change and Age UKs in Kent Consortium wanted to commend them for their high levels of engagement and honesty. Monthly meetings were held, they worked on the joint older peoples 'offer' specification together using the Age UKs in Kent Consortium networks to seek consistency throughout the county.

8. However, as yet they did not have a definitive picture of the future contracting arrangements. Debates have been had about grant v contract. The Consortium needed to settle outstanding issues with KCC soon to enable them to gear their organisations for future models of delivery and support. E.g.:

- How would the Consortium bid for a contract?
- Can a Consortium put in a tender for a grant or would it need to elect one of its Members and then subcontract. Who would own the contract?
- How does the Consortium bid against commercial companies?
- Are there restrictions on a Consortium?
- What was the risk to the Trustees?
- What was the impact of TUPE?

9. The national charity Age UK was supportive and backed the Consortium's initiative. Age UKs in Kent Consortium was unique in what it had achieved so far. KCC had already praised this development where up to now KCC which had been dealing with 16 Age Concerns and 12 Age UKs – previously 30 Age Concerns all competed with each other – all needing to be supported by KCC through complex and costly administration processes. The Consortium offered KCC a well organised and streamlined approach with a single point of contact for the county with significant proven reach to the Kent community. The cost of establishing the Consortium did not come free and would be a barrier for small or medium agencies if following suit. To date all costs related to developing the consortia had been met by the individual Age UKs in Kent involved.

10. Large contracts required different structures and governance to the smaller grant based processes. If these contracts were awarded to large (UK) providers the local knowledge may be lost.

Question – Age UK in Kent forming consortia and being business savvy. But, how do we protect the “heart of gold” reputation of the third sector?

11. The consortium are members of independent organisations who continue to share the same ethos and meet their charity objects – whilst there had been a significant change in business approach, this should not change the individual charities acting in the best interests of the public they serve. There was confidence

that the Consortium was geared to bid for a wider range of contracts and faced the future as opposed the past when not all Age Concerns were viable.

12. The Consortium gives the opportunity to win larger grants/contracts and for smaller providers within the Consortium to be offered some level of protection and survival. Those choosing not to collaborate risk disappearing literally overnight if grants are finally revoked and contracts/grants are no longer awarded to them.

Question – Does KCC have overlap or underlap – are our specifications clear about service boundaries?

13. The person should always be in the centre and we all work to ensure they get the right services that they need – either provided or signposted.

14. The role of the 6 lead Age UKs in Kent (Consortium) was to liaise with other services and to know what was happening in the local communities. A wide range of services were offered in the different stages of the clients needs.

15. Where possible Age UKs in Kent were trying to reduce their reliance on KCC provided incomes through grants and contracts. The 6 Age UKs in Kent Consortium were commissioners of their own services to meet local need as well as contractors and suppliers. *(Age UK NWK recently merged 4 Age Concerns and has reduced its dependency on KCC grant income to below 40%. Age UK Sevenoaks and Tonbridge had a 35% dependency).* Those with high dependencies on the income via grant were placing themselves at high risk in the event of further grant cuts, contract realignment or wholesale withdrawal of funding.

16. Charities were becoming much more diverse in the services they offered with a wider portfolio of funding streams via different charging mechanisms. Those services were either free or subsidised (grant funded) or chargeable on a full cost recovery basis. Need to do this or charities position is becomes tenuous if reliant on high percentages of grant funding. Charities could best identify gaps in services in their local communities.

17. “Mission creep” is becoming of greater concern as funding stream dwindle and change. Generic commissioning encourages collaboration and partnership working. For example Age UKs in Kent winning a pilot grant to set up a generic Befriending Scheme. The Consortium considered that it had strength in its existing offer and could look at wider solutions through collaborating with other organisations for generic contracts.

Question – what were the costs of setting up the consortia?

18. The cost of initially setting up the Consortium are £12k to date. In part due to the need for professional expertise for the memorandum and other contractual issues. To set up the Consortium meant dealing with 27 charities which was not easy. A steering group was set up to develop a criterion which identified who was eligible. All 6 Age UKs met the core criteria. But there was also now a wider network of potential subcontractors. The Development Worker ensures Consortium working – her costs are shared by the individual charities. Will need an additional post of Monitoring Officer to keep track of the contracts.

19. Kent Business and the SE Portal and the actual tender documents are not set up for the new emerging consortium organisations to bid. KCC had been advised of the inflexibility of the on-line portal formatting and core questions. The Consortium struggled to adapt the portals to the way the organisation was constituted.

Question – can you talk more about the issues of ethos within consortium arrangements?

20. The consortium operates a due diligence test which all organisations must pass to join. The test resulted in only six of the twenty seven currently fit to join. The consortium also needs to ensure their own subcontracting arrangements were robust and clear to ensure risk avoidance, due diligence and security.

Question – What are the benefits / dis-benefits of contracts vs grants?

21. When considering the merits of contracts over grants - the context should be the benefits to clients, a contract can be a better mechanism when truly outcome based with improved performance monitoring and performance management raising the quality and standards of the service.

22. Sustainability, namely the length of contracts could be an issue. If too short organisations are going to question building infrastructures that may only have a short-life. Whilst Day Opportunities grants have been rolled forward there remains major uncertainty about futures, particularly when nothing is known after 2015. This makes strategic planning very difficult. Longer contracts, geared to performance would make better sense - length of 3-5 years seems sensible for commissioner and provider.

Question –what can members do to help?

23. Members of the Council could improve Commissioning by:
- publishing contract timetables twelve months in advance – i.e. the timescale and the contracts going to tender
 - provide more clarity –know what you want, be consistent in your purpose.
 - involvement in the process especially governance and member oversight.
 - Challenge your commissioning officers to better explain their thinking.
 - Challenge your Cabinet members who will be making the key decisions about future commissioning models

Question – are you looking for commissioners with on the ground knowledge / local engagement / communication?

24. Yes - better monitoring, communication and engagement.

Question - what types of funding - very closely monitored grants or unit commissioning?

25. KCC have to consider if grant funding enables charities to seek additional funding streams – for example for every £1.00 KCC gave, matched by £4.00 value provided by the charity.

24. The Chairman and Members thanked Diane Aslett, Nigel Vian, and Gillian Shepherd Coates, for attending the meeting

21. 12.00am - Emma Hanson, Head of Strategic Commissioning - Community Services
(Item. 5)

25. The Chairman of the Select Committee welcomed the Head of Strategic Commissioning, Adult Community Support Services, Emma Hanson, to the meeting and Members in attendance introduced themselves.

26. Emma had received questions and themes that the Select Committee was investigating in preparation for the meeting. A copy of her response was included in the papers and considered by the Select Committee.

27. Emma explained that the portfolio for Adult Community Support Services commissioned services were for the following adult client groups; older people, people with physical disabilities, people with learning disability, people with mental health needs, people with autism and people with sensory disabilities. The services were designed to support and enable people to live as independent as possible lives in their own homes in the community. This was done through Homecare contracts with the majority of the provision provided by the private and voluntary sector. There were now well established integrated commissioning groups (CCGs) whose focus was looking for opportunities to jointly commission support services.

28. The three distinct teams; Children's commissioning, Adult Community Support Services and Adult Accommodation Solutions all worked connectively.

Question: Costs of Entry – Voluntary Agencies have consistently raised concerns about the high costs involved in tendering, how can we mitigate these costs?

29. Emma acknowledged that some organisations had to employ bid writers or write themselves with little expertise. She had worked on creating a draft service specification headed "Adult Social Care Voluntary Sector Market Development Service" and recently submitted the document to the Departmental Management Team (DMT) and officers from the CCGs for discussion. The specification aimed to support the providers and develop their skills. Emma tabled the draft document and asked Members to forward their views on the draft document to her. Hopefully it will remove barriers. Emma advised that this document, when approved, [This document was urgently required in Adult Community Support Service] could be slightly amended to fit other services in the future. She had already spoken with Henry Swan and Meradin Peachey and David Whittle about moving this forward.

30. The Chairman of the Select Committee hoped that the specification of the draft document would be informed by the Select Committee's recommendations.

Question: is there a lack of understanding of autism or awareness of need?

31. Emma agreed there was a lack of understanding and awareness regarding autism. She considered that the Commissioning Strategy was there to encourage

an understanding of the conditions. The answer needed to be sought on whether an Autism Service was needed or whether other services needed have more awareness of Autism conditions. Emma likened this to the Select Committee for Dementia that recommended work being carried out with the acute trust and General Practitioners to make them more aware of the condition.

Question: Are grants useful for the commissioning of services?

32. Emma described the 'Carers Contract' work in 2013 moving from 37 grants to 4 contracts with three years terms via performance framework.. It had been a bumpy ride but all successful contractors were Kent based and already seeing a vast improvement in service provision and spread to an increased number of carers. Emma considered that there was room for both grants and contracts in commissioning services. Grants could be used when testing ideas and with the evidence base produce a contract. She considered that voluntary organisations feared competing with private providers. The way the criteria/evaluation was written could create a level playing field. Innovation and volunteer base should not be lost.

Question: how do we involve Members?

33. Emma advised that when a contract had been through the officer governance, Members would be then be informed. Members have an important role to ensure KCC funding is spend wisely.

Question: how to we incorporate social value?

34. Emma advised that social value was key. She tabled a document that gave an example of questions asked in the tendering process for commissioning a Carers short breaks service in which the provider was required to evidence how they would provide social value through the delivery of the service. 20% of the 60% quality score was based on social value. This answered the requirements of the Social Value Act within the evaluation of the tender. Training on the Social Value Act had been provided to officers by the National Association of Voluntary and Community Action (NAVCA) a national based charity. Want to be able to evidence that Best Value is no always all about lowest price and creates an opportunity to level the playing field.

Question regarding contracts vs. grants based on previous witnesses statements

35. Emma advised that she had met with chief officers of Age Concern and gave a presentation on grants versus contracts. All Carers Services were now contracted. She said that she was not anti grants but we have to know what was right to secure the right service.

36. Emma advised Members of her career path to the position she presently had as Head of Strategic Commissioner, Adult Community Support Service and how she required each Member of the Team to have an understanding of the clients' point of view. Commissioning was new and Emma was continually improving her team and considered that there was growth in the market for the voluntary sector.

37. Emma reaffirmed that the Carers short break contract had both the private and voluntary sector bidding for the contract. Crossroads won the bid. Members requested training on the Social Value Act and a list of grants given against the contracts given.

38. Emma suggested that the Croydon Commissioning Too Kit and the Birmingham Providers Charter were a good examples and that KCC could have something similar.

39. The Chairman and Members thanked Emma for attending the meeting.