

LONDON
COMMUNITIES
COMMISSION



Draft Recommendations for Action by
COMMISSIONERS OF PUBLIC SERVICES

Paper 4, Mar 2016

Foreword

This is the fourth of a series of short reports and recommendations from the London Communities Commission. This report contains recommendations for those commissioning services, mostly local authorities and clinical commissioning groups. Our other reports are available on <http://londoncommunities.co.uk/>

The independent Commission was set up in September 2015, with eleven Commissioners from the private, public and voluntary sectors, convened by the Paddington Development Trust and supported by London Funders and The City Bridge Trust. Its task is to look into how citizens and communities in London's most deprived areas might be strengthened and supported in these times of austerity.

This is in response to growing concerns that, without such support and the active engagement of local people, the quality of life there may continue to deteriorate to levels that not only destroy the well-being of tens of thousands of citizens, but pose a threat to the social and economic sustainability of the whole capital.

Our first report evidenced how current commissioning frequently destroys social relationships. The report called for collaborative commissioning which built on the assets of the local community. This report puts forward recommendations for the community sector and statutory services on moving to collaborative commissioning.

I am extremely grateful to all the Commissioners but particularly Christine Mead and Lucy de Groot for contributing to this report

Sir Stephen O'Brien
Chair of the London Communities Commission

The Commission's Approach

The Commission has advocated a fresh and focussed approach - one that brings together the private, public, health and voluntary and community sectors genuinely working with common aims to an agreed, shared programme and one which starts from the citizen rather than institutions.

The Commission has agreed to focus its work initially on a few selected pilot areas (Tottenham, Newham and Paddington) where there were known concentrations of deprivation and known support networks. Within these areas, we agreed that attention should be on "priority unmet needs" - as defined, not by us, but by people in the areas concerned - so that relevant programmes for action and outcomes could be drawn up and agreed.

But if services are to be built from the bottom up and reflect the outcomes that local citizens know will make a difference and which they are prepared to actively support, commissioning needs to be carried out in a completely different way. We have called this collaborative commissioning.

Working collaboratively is not an easy option and absorbs resources and good will. It requires enlightened leadership, demonstrable benefits to all those involved, joint ownership of the direction of travel and mutual respect for differences in culture, power and history. Evidence to the Commission confirmed, however, that local collaboration was worth the effort as it generated significant benefits. It has promoted new ways of working: ensuring that smaller organisations, in touch with citizens' needs, are valued and supported; co-ordinating a stronger and cohesive voice for the community; allowing resources to be pooled and to be used more effectively; promoting early intervention; and building the committed and lasting relationships that are necessary to release potential and people's own assets.

The Challenges of Collaborative Commissioning

The Report of Evidence outlined five challenges in moving towards collaborative commissioning and put forward some ideas and case studies that assisted in addressing these challenges. These set the context of the recommendations contained in this report.

1. Competitive procurement processes break down the trust built up in the sector and with commissioner and VCS providers. What legal frameworks and processes can be used and developed to deliver best value contracts, including bottom-up user engaged specifications, on a negotiated basis?

Our evidence showed that current competitive procurement and commissioning is leading to:

- a loss of expertise when effective organisations lose a contract
- financial pressures and levels of risk which smaller organisations cannot support
- a domination by larger contractors, both public and private
- atomisation of services with loss of focus on the citizen and service user
- tick box mentality
- smaller citizen based organisations disappearing
- reduced community capacity
- reduced social capital

Our evidence has also revealed concern about payment by results (PbR) contracts. While we strongly recommend focussing on outcomes, the level of financial risk and the amount of working capital required from PbR is preventing voluntary sector organisations from bidding for contracts regardless of their ability to deliver the desired outcomes¹. Payment in arrears and the risk of making a financial loss also reduce the ability of small voluntary organisations to innovate and look for new ways of delivering service. Often the contracts do not provide sufficient incentive to work with clients with more complex needs.

The evidence showed that is not always necessary to have competitive tendering and when there is tendering, the nature of the competitive process should also be carefully considered to enable more local organisations to be involved. Flexibility is encouraged by Social Value Act 2012 and by European legislation.

Social Value Act

The Public Services (Social Value) Act came into force on 31 January 2013. It **requires** people who commission public services to think about how they can also secure wider social, economic and environmental benefits on any contract above £111,676 for central government bodies and £172,514 for other bodies. Commissioners can, of course, consider social value below this level. The legislation is reinforced by European regulations for contracts which are above the level where they have to be advertised in the Official Journal of the EU (currently 750,000 euros) but as a result of a report by Lord Young² applies in the UK at the lower level. Before they start the procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.

There is a social value portal <http://socialvaluehub.org.uk/> which provides resources to support the Act and annual Social Value Awards, to recognise and celebrate good practice in commissioning and providing social value.

<https://www.gov.uk/government/publications/social-value-act-information-and-resources/social-value-act-information-and-resources>

¹ NCVO (2014) Payment by Results and the Voluntary Sector

² Cabinet Office (Feb 2015) *Social Value Act Review: Report*

The Commission evidenced examples of bottom up specification and negotiated services in programmes like Well London (funded by the Big Lottery Fund) and social prescribing. We have included, in Appendix 1, edited evidence from Camden CCG to the Commission which shows how a clear focus on outcomes around reducing health inequality has led to partnership working with the community and social value in commissioning specifications.

Furthermore we evidenced programmes (community champions, community buddies, Help on your Doorstep) where local volunteers were trained to do the outreach work required to both build community trust and to ensure specific services were accessible and tailored to individual need. The next step is for more statutory providers to be supported to enable them to adopt this best practice, and this means ensuring that social value commissioning is embedded throughout the organisation and in the commissioning support organisations such as NHS Commissioning Support Units (CSUs).

3. How can we develop partnership frameworks openly and fairly which maintain the vitality and independence of smaller community organisations with the emphasis of the greater role of for local intermediaries, such as community anchor organisations?

In our evidence paper we have called for new approaches to commissioning to generate buy-in from active citizens in their community. This builds on positive asset based approaches to individuals and communities rather than negative deficit based models. It also involves statutory providers and local citizens working together rather than responsibility being dumped on poor communities. The word ‘co-production’ has often been misused, suggesting, for example, that personalised budgets represent co-production. But this is an individualised approach where those needing care still rely on experts and often have to spend their budgets on existing services which they have no power to re-shape. Real co-production, which we are promoting here, involves a focus on relationships with people rather than budgets; on looking at how the resources of both citizens and the state can be *combined* to develop more effective support; and on how peer support or wider citizen groupings can be brought into the process to develop new ways of working.

While some services, such as waste collection, may always be competitively contracted, this approach is inappropriate for services where behaviour change is required (e.g. dealing with obesity); services involving early intervention (such as children and youth services or troubled families initiatives where engaging those who do not usually contact service providers at an early stage is key) or services addressing issues like mental health where isolation needs to be tackled. In these cases our report made the case for services to be contracted through collaborative networks supported by the public sector and delivered through a trusted local anchor organisation. We heard evidence, for example, of young people being directly involved in commissioning services for agreed outcomes³.

³ Evidence from Sharon Long Partnership for Young London

It is not hard to develop frameworks that empower small local voluntary and community groups who are already networked and trusted in their community. Such organisations are well aware they do not have the capacity to engage in contracting processes themselves but will be able to tell commissioners which anchor organisation they trust to support their development, independence and service delivery rather than impose a payment by results approach that does not allow flexibility and creates cash flow problems. This type of commissioning requires commissioners who understand their patch and who understand that small local organisations who can successfully address local complex needs will never become large scale organisations who can bid for large contracts. The commissioners need to ensure inclusion, transparency, good governance and accountability of the anchor organisations. The Commission heard evidence from Greenwich Council's third sector Commissioning approach which embeds monitoring on equality impact, evidences who is accessing services and the added value generated by partnership arrangements.

3. Joint commissioning and bringing together services into holistic programmes fitted around individuals and communities can lead to onerous reporting. How do we ensure good evaluation, responsible use of public money, partnership working and the reporting capacity of both small and large community organisations?

Part of the problem of monitoring is that each agency tends to monitor in different way. Our approach is to bring all the partners together through a joint action board to agree the priority unmet needs that have been identified by the local community and to agree the outcomes in relation to these needs. Task groups responsible for delivery could then draw up service specifications with the community and could then award one outcome contract (or at least only one contract per service) to the anchor organisation with the partners pooling their funds (or contracts from each partner but with the same specification on outcomes and monitoring requirements). In this way the task is simplified. Furthermore, it is only the anchor organisation that will be monitored by the contractor. The anchor organisation in turn will agree data collection and outcome measures with the small voluntary and community groups it supports but this will be its responsibility rather than the commissioners⁴. It is suggested that there is annual reporting to the joint action board when the contract can be amended if new issues have emerged or the evaluation has shown a shift in approach would be beneficial.

The Commission also heard how universities could make a greater contribution by assisting with monitoring and evaluation. The Well London programme is evaluated by the University of East London and several Paddington Development Trust programmes have been evaluated by the University of Westminster. Academics can sometimes generate

⁴ Graham Fisher the chief executive of Toynee Hall outlined the benefits from the changing commissioning framework as Toynee Hall supports the consortium for debt advice for the whole of London, subcontracting to 30 organisations.

research funding to assist in this task. Expertise can also be shared among the pilot areas in the programme.

4. Is statutory commissioning sufficient or is it becoming irrelevant given the scale of cuts at the local level? What can procurement and commissioning do to release funds from philanthropists?

Our approach has been to recommend that the private sector and foundations ensure that their funding contributes to the agreed local programme. We see funders and the corporate sector as part of the Joint Action Board which agrees the initial outcomes that all the partners want to prioritise. We have looked at models like Islington Giving which brings funders together on an area basis to meet joint objectives. Cripplegate Foundation takes the role of encouraging giving and coordinating and meeting the administrative costs of the Islington Giving partnership and then funding smaller grassroots community groups to deliver frontline services. A foundation could work with an anchor organisation or the anchor organisation itself could set up a local giving scheme to attract private and philanthropic funding.

5. Longer term contracts allow a level of continuity which supports community resilience. How can commissioning and procurement support a move away from shorter term contracts?

There is no necessity for short term contracts. The NAO has outlined its eight principles of good commissioning which include long term contracts and building the capacity of the supplier base and critically putting the outcomes for users at the heart of the process. Our Report of Evidence also called for longer term outcome based commissioning backed by capacity building.

THE NATIONAL AUDIT OFFICE EIGHT PRINCIPLES OF GOOD COMMISSIONING ARE:

- Understanding the needs of users and other communities by ensuring that, alongside other consultees, you engage with the third sector organisations, as advocates, to access their specialist knowledge;
- Consulting potential provider organisations, including those from the third sector and local experts, well in advance of commissioning new services, working with them to set priority outcomes for that service;
- Putting outcomes for users at the heart of the strategic planning process;
- Mapping the fullest practical range of providers with a view to understanding the contribution they could make to delivering those outcomes;
- Considering investing in the capacity of the provider base, particularly those working with hard-to-reach groups;
- Ensuring contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including considering sub-contracting and consortia building, where appropriate;

- Ensuring long-term contracts and risk sharing, wherever appropriate, as ways of achieving efficiency and effectiveness; and
- Seeking feedback from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.

Recommendations

In the Commission's recommendations for local authorities we have recommended that London Boroughs lead on developing the institutional framework to support commissioning. In the paper for the Mayor we have looked to the Mayor to establish the overall vision and narrative and to work with the Boroughs to generate extra funding and new funding structures. In the forthcoming paper for the voluntary and community sector we have concentrated on the need for better co-operation and for joint work to clarify the priority unmet needs and outcomes required. Here we concentrate on the recommendations in relation to commissioning for the statutory sector.

London Councils together with the Mayor

1. While there are data sources like the London datastore and multiple evidence observatories there is no central evidence base on the impact of different initiatives in London. The Commission was told that a central social evidence observatory for London covering housing, jobs, debt, mental health and other issues would be very valuable and improve the sector's ability and that of commissioners to better develop evidence based solutions. We therefore recommend that the Mayor, working with London Councils, facilitate access to the multiple evidence observatories that exist covering housing, jobs, debt, mental health and demographic data about each neighbourhood. Such a central observatory could also support local authorities in making their data accessible in searchable ways to the third sector.

2. For services that involve engaging with local residents as described on page three above, it would be helpful if London Councils together with the Mayor drew a code to help promote a socially responsible procurement and commissioning process that CCGs, Local Authorities, and other public bodies could draw on/ sign up to as part of a quality assurance process. Such a code would start from seeing the local community as an asset and would make greater use of the Public Services (Social Value) Act 2012 and value based commissioning. It would include commitment to pay the London Living wage and ensure full transparency. This would provide some kind of quality mark and support for public sector bodies who can demonstrate that they follow the principles and practice of good commissioning.

The Statutory Sector and other Commissioners (Local Authorities, CCGs, London Councils,

LEPs, DWP, the Mayor's Office, NHSE (London), Housing Associations, NHS Commissioning Support Units (CSUs) etc.).

Our main recommendation is for all Commissioners and those involved in procurement to commit to collaborative commissioning as outlined in this report and to ensure that this approach is embedded throughout the commissioning organisation. The two appendices contain examples of good practice from a clinical commissioning group and a local authority. In particular, we recommend commissioners to:

1. Build the capacity of local communities and local social enterprises to play an active role in solving the main problems they face.
2. Explore procurement processes that fit with service departments where the delivery of services to local population groups would benefit from the active involvement of 3rd sector providers, e.g. negotiated contracts and framework agreements.
3. Identify and build the capacity and accountability of local anchor organisations that can work with locally-rooted small voluntary organisations to release the potential resources that local communities offer in terms of knowledge, relationships, skills, and their passion and enthusiasm about making a difference to the area in which they live.
4. Engage in a process of working with communities to identify *priority* unmet needs and clarify *priority* outcomes that they wish to achieve before the commissioning process starts. Work with local communities in designing specifications including outcomes and measures.
5. Be prepared to support challenge from communities looking to develop new ways of working.
6. Ensure that monitoring and evaluation is rigorous but does not impose unnecessary burdens. Where appropriate involve local universities in assisting with evaluation.
7. Look to work collaboratively with other commissioners and funders to reduce duplication and simplify programmes that aim to achieve the priority outcomes that citizens desire.

Conclusion

In this time of austerity, it is essential to draw on potential resources that local communities offer in terms of knowledge, relationships, skills, and their passion and enthusiasm about making a difference to the area in which they live. Citizens are the key assets to healthier social and economic outcomes across London.

It is widely recognised that many of our biggest societal challenges – from childhood obesity to violent crime – are preventable. Early action, shifting funds into preventative services can reduce the need for acute services and help to maintain wellbeing for all residents. It would ultimately reduce overall spending and would make much better use of taxpayers' money because last-resort coping and downstream measures are almost always more expensive.

With strong leadership, citizens in neighbourhoods can influence new ways of working which not only reduce isolation and ensure access to services but also further develop self-management skills and capacity to increase personal and collective independence. Early intervention programmes have unlocked human and social assets in the community by involving the community in co-production.

Unless commissioning is reformed these citizen's assets cannot be released. This report has shown change is possible.

Appendix 1 – evidence from Camden Clinical Commissioning Group ⁵

Our vision is to work with the people in Camden to achieve the best health for all, to address health inequalities and work jointly with the people of Camden to shape the services they receive.

One of enablers that we work in partnership with is Voluntary Action Camden (VAC). There is more than 2,400 voluntary and community groups that provide vital activities and services create local job opportunities and enrich lives in Camden.

Working in partnership with VAC we hosted a ground-breaking event with over 100 participants from the CCG, mainstream health services, Camden Local Authority and the voluntary and community sector to develop a shared understanding of the local health challenges and how these can be addressed through greater partnership working.

Some of the themes that have emerged that we are keen to work in partnership on are as follows:

Partnership working

- Promoting opportunities for tenders and ‘co-production’ events
- Promoting partnership working and social value in commissioning specifications
- Development of a special purpose vehicle (SPV) to enable small providers to bid
- Developing of social prescribing

Building better working relationships

- Include the VCS in care planning
- Activate opportunities for mainstream and voluntary and community services to be co-located e.g. GP surgeries
- Identify ‘touch points’
- Awareness raising of ‘what is on offer’
- Access to reliable information about the VCS and NHS

We are currently exploring how local NHS services and the voluntary and community sector work together in practice

- **As partners** - to deliver existing and new services together where there are shared opportunities for improvement
- **As trusted suppliers** - delivering elements of service where one partner is unable to deliver an element of service
- **As navigators** - to help navigate the complex NHS landscape and understand the various voluntary sector providers that exist

⁵ We are grateful to Camden CCG for this evidence which we have slightly edited. The full version is available on the London Community Commission website as part of the evidence for the first meeting.

In addition to the above we work with VAC to address health inequalities via health advocates who are based in General Practice Surgeries. We also work with other local organisations on a number of projects such as Age UK Camden in delivering care navigators for the frail and the elderly, Voiceability in providing peer mentoring for patients in general practice who have a mental illness and Holycross who have implemented a social marketing plan for raising mental health awareness among BME groups in Camden.

Appendix 2: A Local Authority Example of Collaborative Commissioning

The example below was in our Report of Evidence together with the requirements for good commissioning.

Requirements of good commissioning

- a) Start by asking what citizens need to achieve socio-economic well-being and then facilitate the delivery of this through funded services and organisational and community capacity building. Outcome based commissioning backed by capacity building.
- b) Statutory providers need to see local communities as assets not liabilities and adopt commissioning that is truly bottom-up, values, relationships and outcomes based.
- c) There needs to be honest and open communication that builds trust between the partners working in community-related sectors.
- d) Fund evidenced based interventions with clear outcomes and evidence around the collective impact of holistic services rather than the impact of one intervention.
- e) Encourage local collaboration that will push the vision- not just respond to contracts.
- f) Trusted host organisation or special purpose vehicle with good governance for co-ordination and support
- g) Better sharing of resources and support for new collaborations to respond to new needs
- h) Development of longer term contracts
- i) Balancing good collaboration with maintaining the independent status of small organisations is also central to sustainable success.
- j) Micro-enterprises need access to dedicated start-up business support, and strong personal and trading networks within a locality to be able to survive. This type of support can be delivered by anchor organisations with good networks in the area.
- k) Negotiate all changes in contract with a view to the sustainability of the service and the viability of the contractor

London Borough of Islington

Islington Council has understood the importance of starting with the citizen and the Council sees the voluntary and community sector (VCS) as key strategic and operational partners in delivering their vision and priorities for a fairer Islington. Their approach, therefore, focuses on continuing to build and develop strong, outcome driven partnerships between the whole Council and the VCS. In commissioning they commit to:

- ☐ Work in partnership across the Council and with other public bodies to establish joint commissioning arrangements.

- ☐ Review existing commissioning arrangements, monitor the proportion of contracts awarded to Islington-based voluntary and community sector organisations and identify opportunities where local VCS organisations could deliver in terms of quality and social value.
- ☐ Review current procurement and commissioning systems to make them simpler and easier to navigate and bid for
- ☐ To work with larger VCS organisations and encourage them to support consortium bids which unlock opportunities for smaller VCS organisations.
- ☐ Produce a user guide for the local voluntary sector to explain the process and ways in which it can benefit.
- ☐ Strengthen the value of community benefit and social value in the assessment of tenders.
- ☐ Provide advance notice to the sector of upcoming opportunities to tender.
- ☐ Build the capacity of organisations and offer brokerage services to help them access these funds, including helping them to cost and demonstrate the impact of their work