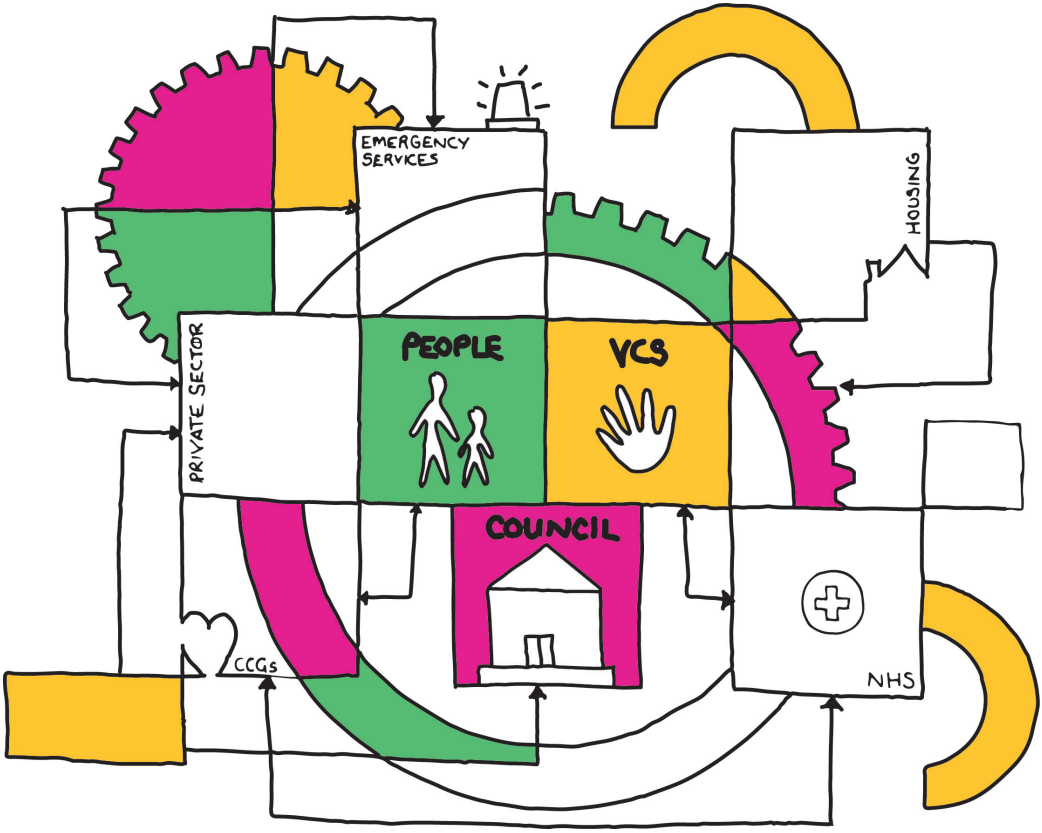
NLGN
NEW LOCAL GOVERNMENT NETWORK

# ALL TOGETHER NOW

## WHOLE SYSTEMS COMMISSIONING FOR COUNCILS AND THE VOLUNTARY SECTOR

Sarah Stopforth and Claire Mansfield



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# CONTENTS

ACKNOWLEDGEMENTS 4

FOREWORD 5

1 INTRODUCTION 7

2 WHOLE SYSTEMS COMMISSIONING 12

3 PUTTING THE PERSON AT THE CENTRE OF COMMISSIONING 15

4 COLLABORATION BETWEEN COMMISSIONERS AND PROVIDERS 20

5 COLLABORATION BETWEEN PROVIDERS 32

CONCLUSION 39

APPENDIX A: METHODOLOGY 43

APPENDIX B: ABOUT THE SURVEY 44

APPENDIX C: GAMING METHODOLOGY 46

ABOUT LANKELLY CHASE 53

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**SARAH STOPFORTH** and **CLAIRE MANSFIELD**
**NLGN**

# FOREWORD

**We all recognise that addressing our most entrenched problems requires asking ourselves what can we achieve together that none of us can accomplish on our own. Whole systems commissioning offers an opportunity to support people facing severe and multiple issues such as mental health, homelessness and substance misuse to lead fulfilling lives by pooling together our financial and community resources, along with people's own capabilities.**

We know that local authorities are under enormous pressure with huge budget cuts and increasing demands on services. Asking them to prioritise whole systems commissioning (with some pay-offs in the medium to long term) whilst they are trying to address pressing demands and balance budgets can seem audacious.

However, the challenges we face demand that we are audacious, that we work beyond organisational outcomes and think in terms of whole areas. Though this report reflects on the particular challenges between local authorities and the voluntary sector, it is clear that whole systems commissioning is about pooling resources from the NHS, Clinical Commissioning Groups, Police and Crime Commissioners (PCCs), fire and rescue services, housing associations, friends and families, the voluntary and community sector and the private sector; whilst at the same time utilising community assets to enable social networks of support to flourish.

We also know that most people do not access services until things get really bad, so whole systems commissioning enables us to intervene earlier to minimise harm to the individual and before it gets more expensive.

What is also clear from the conversations in this report and when talking to others, is that the narratives we tell ourselves about others get in the way of collective action. It is easy to blame the other side, whether it's commissioners, the voluntary sector, individuals or communities. We need the humility to reflect on our roles and responsibilities, and be prepared

to be wrong – accepting that if it was obvious what was wrong, we would already be doing it. This requires that we invest in learning with each other, seeking perspectives from people who view and experience the system differently and collectively creating the solutions as well as sharing the risks.

What is exciting is that this approach resonates with so many people I speak to and this report highlights some examples, showing that when we start with the needs and capabilities of people themselves, co-produce solutions with them and others and consider the full range of support available beyond the public sector, audaciousness becomes the new normal.

**HABIBA NABATU**
**Programme Manager, Lankelly Chase**

# 1 INTRODUCTION

**Funding for the public sector has fallen dramatically over the past few years and this is set to continue. At every level, government is being expected to do more with less and with increasing efficiency. As budget cuts force the public sector to reduce the extent of services they provide, there is a serious risk that some people will be left behind. Services such as public health, which are designed to prevent social problems arising, are facing deep cuts. Social care criteria have been tightened to the point where little more than 10 per cent of councils offer services to people with low or moderate needs.[1]**

This new landscape creates a difficult challenge for voluntary sector organisations. On the one hand, much of the voluntary and community sector (VCS) instinctively want to step in and help vulnerable people who risk being left behind by the state. On the other hand, charities and social enterprises are understandably reluctant to do what they view as the government's job.

The obvious response is a new partnership between local government and the VCS, in which the former uses its commissioning power to fund the emergence of innovative new voluntary sector responses to multiple deprivation. But this has generally not happened. Instead, the cuts have tended to force both partners into a defensive crouch, both expecting more of each other than either are able or prepared to deliver. Already fractious relationships have deteriorated further as a result. This reflects the huge challenges both sectors face: councils are facing increasing budget cuts and VCS funding from central and local government fell by £1.9 billion between 2009/10 and 2012/13.[2]

This situation is understandable, but it is not good enough. In this report we set out a different approach to joint working between the VCS and local government to tackle the challenges of severe and multiple disadvantage. This approach starts with the individual and the support they need to thrive,

1 See Department of Health (2013), https://www.gov.uk/government/news/social-care-users-will-be-guaranteed-a-minimum-level-of-council-help-under-new-plans [accessed April 2016].

2 NCVO (2016), *Navigating Change: An Analysis of Financial Trends for Small and Medium-Sized Charities.*

before zooming out to consider how all parts of the public and voluntary sector can work together to provide that support. Through this approach we seek to reconcile the demands that councils face to demonstrate value for money, with a recognition of the factors that make the VCS special. VCS organisations are often deeply embedded in their communities, and consequently can offer high levels of engagement with, and insight from, local people. The needs of people facing disadvantage are often interconnected and the VCS is well-placed to address them holistically.

However, many VCS organisations, particularly small to medium-sized charities, simply do not fit in to the new commissioning landscape. An emerging trend amongst commissioners and procurers in seeking to reduce their costs, is to put out fewer, but larger, aggregated contracts to tender.[3] However, the work needed to bid for these often favours bigger organisations. Some smaller charities have warned that the new commissioning landscape 'exacerbates their vulnerability'.[4]

This instability is evidenced in the numbers: between 2008/9 and 2013/14, over 23,000 charities closed, the majority of which had incomes under £500,000.[5] Where previously the main source of their income was through grants, small and medium-sized charities cannot fulfil the new tender specifications, provide the up-front costs of commissioning, or prove their outcomes in the way that contracts dictate. As a result, small to medium-sized charities are increasingly finding that if they wish to access public funding, they need to take on the role of subcontractors.[6] Furthermore, procurement can drive behaviours which do not encourage collaborative conversations between commissioners and providers.

The 'one size fits all' approach of the current commissioning process is not always appropriate for people who require flexible, adaptive services that meet their complex needs. Commissioning in this way can lead to 'failure demand'.[7] Costs build up if people do not get the right support at the right

3 VONNE, Newcastle CVS and Partners (2013) *Surviving or Thriving: Tracking the Impact of Spending Cuts on the North East's Third Sector* (Newcastle upon Tyne: VONNE and Newcastle CVS).

4 Institute for Voluntary Action Research (2012), *Recession Watch Report* (London: Institute for Voluntary Action Research).

5 NCVO (2016), *Navigating Change: An Analysis of Financial Trends for Small and Medium-Sized Charities.*

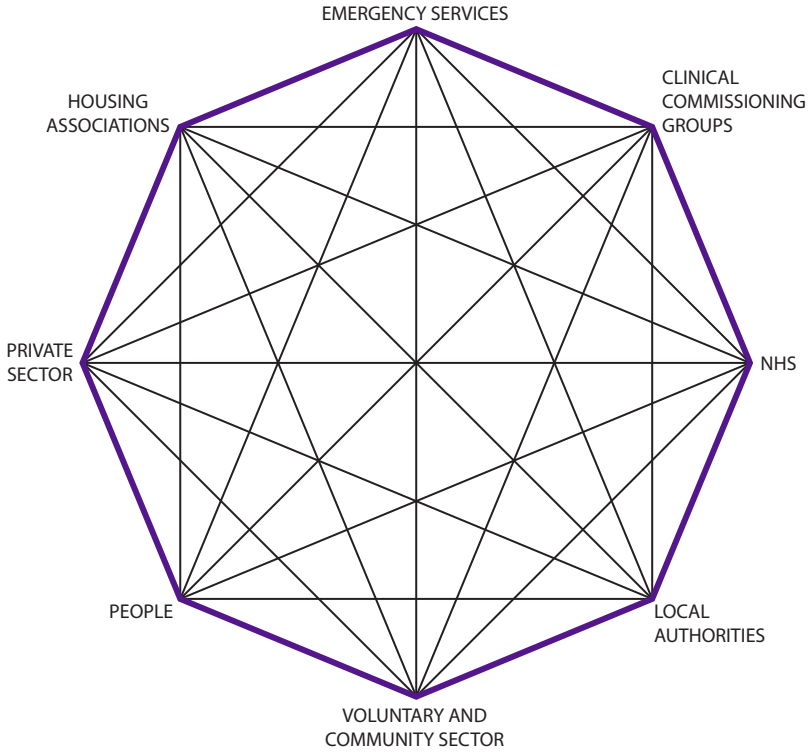
6 Lloyds Bank Foundation (2015), *Expert Yet Undervalued and on the Frontline: The Views and Voices of Small and Medium Sized Charities.*

7 Cited in IPPR (2016), *Too Small to Fail: How Small and Medium-sized Charities are Adapting to Change and Challenges.*

time, and their problems become more critical, costly, and harder to address. To counter these challenges and ensure that people are supported, we propose a whole system change.

Whole system change is a useful concept for problems which are caused by and cannot be fixed by one part of the system alone, such as provision for people with complex needs.[8] Achieving whole system change for a place is about joining up services around the needs and assets of the individuals within that system. A person's assets can be social, material or cultural in nature, such as social networks or skills. In order to implement this system change, we argue that local authorities and the VCS need to use a whole system approach to commissioning.

**FIGURE 1** WHOLE SYSTEMS COMMISSIONING FOR THE PUBLIC SECTOR[9]




8 New Philanthropy Capital (2015), *Systems Change: A Guide To What It Is And How To Do It.*
9 These lines represent the relationships between partners necessary for whole systems commissioning.

Through whole systems commissioning, once a cohort of needs and assets are identified, commissioners draw on expertise from the wide variety of providers and service users to design and deliver services which address these needs in the round. Tender specifications should incentivise all relevant providers to work collaboratively towards aligned population-level outcomes.

There are several benefits of whole systems commissioning: it puts the person first as an equal stakeholder in the design and delivery of services; it encourages a more open, transparent process built upon the principle of collaboration; and it has the potential to provide efficiency savings to different parts of the system.

The changing relationship between councils and the VCS provides a valuable opportunity to push the reset button and begin to think in terms of a whole system rather than in silos. In addition, as responsibilities for health and social care, employability and skills are devolved to local authorities, the wealth of expertise that the VCS can bring to this process will be vital.

In this report, we focus on the relationship between local authorities, the VCS and individuals in order to understand how a whole system approach can work in a sub-section of the system. These lessons can then be extrapolated to ensure the broader public sector can take advantage of whole systems commissioning.

Shifting to whole systems commissioning is an ambitious goal. Councils must decide if and when commissioning is appropriate. In the specific context of working with the VCS, commissioning might not always be the right answer, particularly where the costs of running the commissioning process offset the size of contract value, and where small and medium-sized charities may be disadvantaged. For smaller sums of money, or for more specialist service delivery, grants can be more appropriate, time and cost effective, and have the ability to support innovation and flexibility of approach for smaller-sized voluntary sector organisations. If grant-funding is chosen, this must align within the broader approach to whole systems change within the council.

If commissioning is deemed appropriate, councils must seek to improve the commissioning process as it currently exists. We argue that commissioning offers great potential for continuous open and transparent dialogue which

must bring in an array of stakeholders to collaborate around the needs and assets of the whole person.

Throughout this report we draw on a gaming workshop that we carried out in London and Liverpool with council and VCS representatives.[10] We used the gaming workshops to test how whole systems commissioning could work in practice. The substance of the discussions and ideas created throughout these two days has informed the recommendations and different delivery mechanisms we cite throughout this report.[11]

In order to implement whole systems commissioning, we recommend the following:

- Local authorities can make immediate changes by **making social value more than a 'duty to consider' and putting it at the heart of the commissioning process** and where more appropriate **continuing to provide grants for lower value, specialist contracts.** Both elements will level the playing field for small and medium-sized charities allowing them to bid to provide better quality services for people's interconnected needs.
- **An effective whole systems commissioning approach is built on continuous ongoing dialogue between all partners involved in the process.** In order for all parts of the system to work together around a common purpose, it is essential that time is spent by all parties to ensure that the relationship is collaborative and sustainable.
- **Commissioners need to incentivise whole system behaviour.** The devolution agenda provides significant opportunities to move towards a whole system approach. Where combined authorities have formed, there is a new level of accountability in managing devolved budgets, and the scale at which to commission provision for employment support, adult skills and in certain areas, health services. Alongside these opportunities there are numerous challenges to redesign the system, incentivise new ways of working and to align these with defined outcomes across larger geographies.

10 Gaming methodology is an interactive way of engaging key stakeholders to think about a certain subject by taking them out of their organisational boundaries and day-to-day lives, and testing a new approach for the future. Participants work together to develop new ideas and build joint consensus on an issue.

11 See Appendix C for more details on our gaming workshops.

# 2 WHOLE SYSTEMS COMMISSIONING

**A whole system approach to addressing complex needs seeks to understand the level of need in an area and the resources available to meet it from different sources. Services are then joined up around the needs and assets of the individuals within that system.**

Through whole systems commissioning, once a cohort of needs and assets are identified, commissioners draw on expertise from the wide variety of providers and service users to design and deliver services which address these needs in the round. Tender specifications should incentivise all relevant providers to work collaboratively towards aligned population-level outcomes.

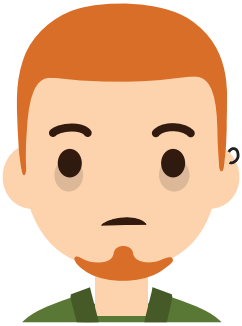
A whole system in the public sector involves all stakeholders in a place, including commissioners and providers from local authorities, NHS, Clinical Commissioning Groups, Police and Crime Commissioners (PCCs), fire and rescue services, housing associations, the voluntary and community sector, the private sector and people themselves.

The key to making whole systems commissioning work is widespread collaboration:

- With service users to ensure that commissioners take account of needs and assets.
- With providers to understand the market and the kinds of services which can be, and already are being, provided.
- Between providers to work in a more integrated and less competitive way, for the benefit of service users.

This experience of commissioned services will be very different for the person at the centre. We used a gaming workshop to test how service users would experience services differently through whole systems commissioning.[12] Below, we outline how one of our service user profiles would benefit from a whole systems commissioning approach.

12 See Appendix C for more details on our gaming workshops.



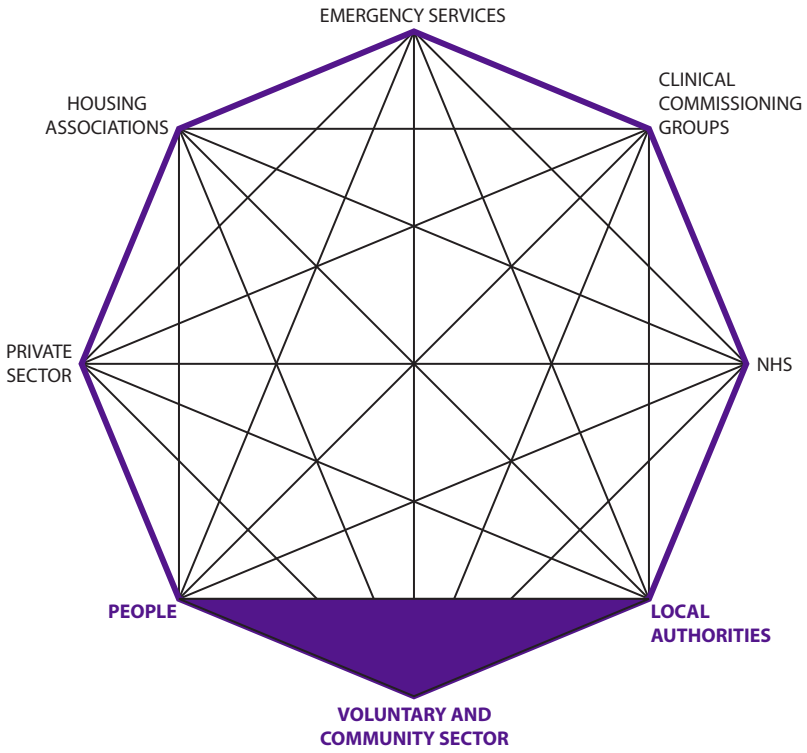
Sam is a 30-year-old man living in 'Anyborough'. He left school at 15 without any qualifications and became his mother's full-time carer as she was suffering with Multiple Sclerosis. When she passed away, Sam struggled to cope and turned to heavy drinking and drug habits. He was sent to prison for possession of Class A substances and, once released, was homeless and suffering from mental health problems.

| BEFORE WHOLE SYSTEMS COMMISSIONING | WITH WHOLE SYSTEMS COMMISSIONING |
|---|---|
| Sam's needs were considered moderate and therefore intervention did not happen until his problems hit crisis point, such as the need to find social housing and rehabilitation. The onus was on Sam to contact the several different support services he required; for fear of stigma, he did not always seek help when he needed it. Therefore, underlying problems such as mental health issues surrounding relapse were not addressed. | Matched with a key worker, Sam is signposted early to support services and providers wrap support around him. Commissioners understand the full range of providers in the marketplace and are aware of the potential services that can be utilised by Sam and what may be needed by him in the future, through engaged conversations with service users. Sam receives support for both immediate needs and underlying problems which prevent need escalating in the future, utilising and developing his assets as a component of his service provision. |

Whole systems commissioning builds upon good commissioning by placing the person at the centre of the commissioning process with all key stakeholders collaborating, and incentivised to do so, to commission and provide services around the needs and assets of the person.

Each part of the system will have its own challenges and opportunities to working collaboratively. This report focusses on the specific changing relationship between local authorities, the VCS and people (see Figure 2), as a launch pad to understand how whole systems commissioning can work within this part of the system, and extrapolate the lessons to the broader public sector.

**FIGURE 2** WHOLE SYSTEMS COMMISSIONING FOCUSSING ON LOCAL AUTHORITIES, THE VOLUNTARY AND COMMUNITY SECTOR AND PEOPLE



# 3 PUTTING THE PERSON AT THE CENTRE OF COMMISSIONING

*"We need to go to the community directly, ask what they want, and establish a meaningful dialogue."*[13]

For whole systems commissioning to be successful, it is essential that commissioners and providers engage with service users throughout the process to understand what services will be needed, and to ensure all system stakeholders are involved in the needs and assets assessment, service design and delivery stages. Putting people – their challenges and ambitions - at the centre of the commissioning process must be the starting point of any commissioning cycle, and is even more important in activating a whole system approach.

Taking time to collaborate and engage with service users and the voluntary sector ensures that services will be fitted around what people want, rather than by what is perceived to be needed. It can build important insights into the way in which people use services, tailoring and designing more effective services, and broadening them out to think in terms of their wants, needs and assets as well.

People are complex and their needs are often interconnected. Engaging early with service users ensures that needs are not thought of in silos, that pathways are integrated, and a whole system solution can be found. For example, homelessness may be a cause or consequence of other needs, such as drug addiction or mental health problems.[14] While each person's individual journey will differ, there are similarities and trends that often intersect. Engaging with service users can help to ensure that needs and assets are assessed properly.

13 Gaming participant.

14 For more details, see LankellyChase (2015), *Hard Edges: Mapping Severe and Multiple Disadvantage.*

This in turn can have benefits for local authorities. Engaging with, and truly understanding the needs (and assets) of a person, can ensure that needs are dealt with in the most holistic way possible and thus have the potential to prevent further problems and save money in the future. This could work on two levels: through utilising people's assets and working to help them achieve their ambitions rather than simply 'fixing their problems'; and through understanding how preventative approaches can work for individuals and for cohorts. Services, which are designed by and around people, should be more tailored to circumstance, and therefore more likely to be effective methods of early intervention in the long-term.

But engaging with service users and thinking about the whole person does bring challenges. Firstly, there is no 'one size fits all' method of engagement and local authorities can find it difficult to know how best to engage with service users; and secondly, it is difficult to strike the balance between addressing individual needs and commissioning for a cohort. We will explore these challenges and possible solutions in the following sections.

## ENGAGING WITH SERVICE USERS

There is no 'right' method for engagement. Public engagement can be done in many different ways, each with varying benefits and drawbacks; generally, there are competing tensions of budgets and quality. While time and cost are inevitably considerations that commissioners cannot ignore, it is important that these are weighed up against the potential benefits that in-depth engagement can provide, especially at a time when council budgets and workforces have been streamlined.

It was clear from our research that commissioners generally understand the importance of engaging with service users and residents, but that they struggle to find the time, capacity and funding to carry out proper engagement. As part of our game, participants were given a 'menu of options' that detailed different types of engagement and an associated budget. Participants disagreed about how best to engage with service users and residents, mostly reflecting a battle between cost and quality. Surveys and questionnaires are low-cost options, but response rates are likely to be low. Consultation events may be cost-effective and tailored towards current

service users, but can attract the same audiences each time and do not capture the views of harder-to-reach individuals. Ethnographic methods and individual conversations with people will generate in-depth qualitative data, but they are costly and time intensive to carry out.

It was also noted that commissioners should work with the VCS (and vice versa) in order to engage with service users. The VCS are embedded within their local communities and are often more trusted by service users than the local authority which means that they can be important gatekeepers to information. Both local authorities and VCS organisations need to work together to ensure service users' voices are heard.

The more time and capacity spent on engagement the greater the insight that will be provided. We recognise that currently, increasing time and capacity is difficult for councils. However, the most important aspect of engagement is that the purpose and scope of engagement is clear. The steps that should be considered are:

1. **CLARITY OF INTENTION:** Start from the point of what the engagement should achieve, not simply what is easy and possible.

2. **LEVEL OF ENGAGEMENT:** Engagement is a scale:

   INFORM → CONSULT → INVOLVE → COLLABORATE → EMPOWER

   Choosing the appropriate level of engagement will depend on the purpose and scope, but ideally should tend towards the right hand side of the scale.

3. **CHOICE OF METHOD:** The method should reflect purpose and scope of engagement, rather than the other way around.

4. **MEANINGFUL ENGAGEMENT:** Engaging should not be a 'tick the box' exercise. There should be opportunities for feedback, transparency of decision-making and engagement at a time early enough for evidence to be seen to be put into action.[15]

15 For more details on the principles of engagement and on the questions to ask before engaging, see Involve (2005), *People and Participation*.

Whatever method is chosen, the most important aspect of engagement is the consideration of a service user's assets. Asset-based approaches recognise the importance of starting from the point of people's social, cultural and material assets rather than the deficit approach of problems, needs and deficiencies.[16] Once these have been recognised, the person can be supported by the relevant parts of the system. Not only are asset-based approaches more empowering for the individual, being considered in terms of what they have to offer as well as what needs to be fixed, they also tap into existing resources which could provide more efficient services as a result.

The service users who participated in our gaming days had some of the most pertinent insights into, and strongest opinions on, asset-based approaches. They argued people should not be expected to be passive recipients, but should be reviewed for their contribution, for example through volunteering, as giving something back was "only fair". As one participant stated: *"start with what he has rather than what he has not"*. They emphasised the importance of concentrating on personal capacity, rather than deficits, for example funding arts and sports organisations, not just organisations relating to immediate need, as such activities can keep people going during tough times.

## WHOLE SYSTEMS COMMISSIONING FOR COHORTS

One difficulty that arose in all of the gaming sessions was how to think about the needs and assets of an individual, while commissioning for a cohort of people. Some of our game participants balanced the need to commission for cohorts while recognising individual needs by commissioning core services along a generic pathway, and then spot-purchasing more specialist services as and when they may be required. The use of grant-funding for specialist services could be very useful in this scenario to ensure key knowledge is not lost in larger, generic contracts.

Furthermore, the majority of game participants felt that the most effective way of maintaining tailored, personalised services for individuals within cohorts was to employ a key worker for each individual, to help them to

16 LGA (2010), *A Glass Half Full: How an Asset Approach Can Improve Community Health and Wellbeing*.

navigate the system but also to provide a stable, secure and trusted person for the holistic support of their service journey. This was understood as time and resource intensive for staff, and it was recognised that there are logistical problems over which part of the system would employ the key worker. This will probably fit the remit of the VCS, with the lead provider providing this function. It is important because it provides the service user with a personalised, single point of contact to navigate the system, and to provide stable advice and support to prevent problems from arising.

## THE WAY FORWARD

Whole systems commissioning starts with the person, understanding the needs, assets, challenges and ambitions of individuals in order to better tailor services and to better predict what will be needed in the future. We argue that local authorities must commission for the whole person in order to provide better outcomes for the individual, and efficiency savings for both commissioners and providers. Local authorities should recognise the importance of investing time and capacity in service user engagement as a means to empowering local people and in seeking to reduce demand over time through commissioning for prevention.

# 4 COLLABORATION BETWEEN COMMISSIONERS AND PROVIDERS

*"Better collaboration from both sides is needed."*[17]

**Whole systems commissioning will require a coordinated approach from commissioners and providers in the services they provide for people. Commissioners from local authorities and other public sector organisations will have overlapping cohorts of people, and different providers within the VCS will frequently work with the same people. It is essential that a good working relationship is formed between all stakeholders. Joining this up is the crux of creating holistic services which suit people's interconnected needs. Close collaboration between multiple commissioners and multiple providers, with a strong focus on communication, is essential to enable better design and delivery of services. In particular, the specific relationship between the VCS and councils will require a cultural shift.**

Throughout our research we encountered a negative relationship between local authorities and the VCS, with one VCS representative describing their local council as the "enemy", and councils stating that it can be overwhelming to work with such a large, fragmented group of VCS organisations. Perceptions of 'the paternalistic council' have led to skewed power relations between councils and their VCS. This relationship needs to improve before a whole system approach can begin to gain traction. Whole system change will not be possible without stronger relationships between the key stakeholders within the system.

Our game participants felt that if local authorities could engage with VCS providers earlier in the commissioning process, and at several junctures afterwards, a more trusting relationship could be developed. In particular, it was argued that councils should spend time training and developing their local VCS organisations (particularly small and medium-sized charities) to

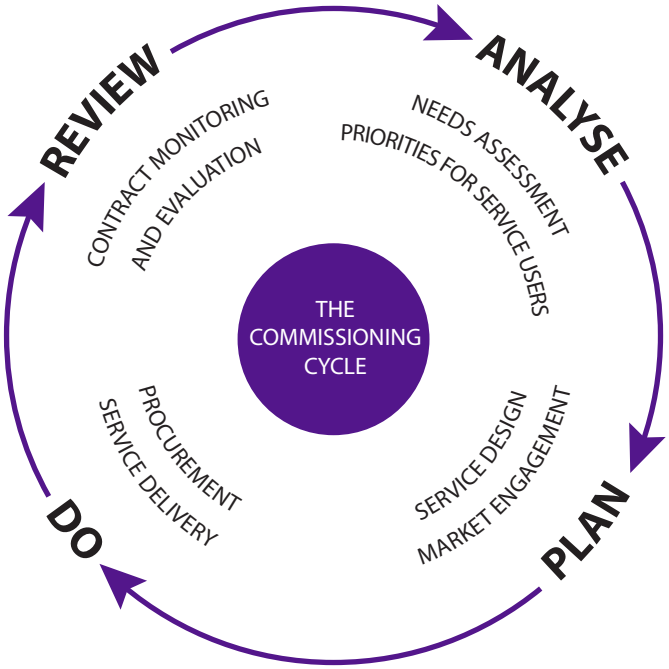
17 Roundtable participant.

ensure that they are 'bid ready' and not excluded from the commissioning process. The current commissioning climate is often designed to the advantage of larger organisations, which can be more competitive on price and have greater resource for tender writing teams.

Underpinning these new relations is strong communication and engagement between councils and the VCS at all stages of the commissioning cycle: analyse, plan, do, review.[18]

This chapter will look at each stage of the commissioning cycle, highlight some of the current challenges, outline the potential solutions and assess how this can provide a solid basis for commissioning for the whole system.

**FIGURE 3** THE COMMISSIONING CYCLE




18 More details on the commissioning cycle can be found in NLGN (2012), *Commissioning Dialogues*.

# ANALYSE

## ENGAGING COMMISSIONERS

A whole system approach is not premised on one commissioner and one provider, but multiple commissioners and providers collaborating to provide holistic services for a person's interconnected needs. It is important that one of the first steps taken by any commissioner, is to analyse and explore other commissioners and stakeholders that they could be working with. Many areas already have joint commissioning roles.[19] This must be encouraged and should become more widespread to embed a whole system approach to commissioning.

Joint commissioning across sectors will not be possible, however, without addressing the fragmented approach to commissioning found within some councils. This seems particularly prevalent when it comes to commissioning the VCS. Departmental silos are disruptive, particularly in councils where commissioning sits within several different departments. Council-wide strategies to combat siloed working are imperative to generating a whole system approach as a strategic priority. For example, Hounslow Council (see below) have implemented a cross-departmental approach to commissioning the VCS in their 'Thriving Communities' Strategy.

Collective Impact is another method in which such working can be framed.[20] This approach has been successful in driving improved outcomes across a range of social policy areas, through key stakeholders committing to a common agenda for solving complex social problems; sharing measurements of success; coordinating approaches through mutually reinforcing activities; committing to frequent, continuous communication; and having appropriate administrative support and dedicated staff to guide the vision and strategy.

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19 For example, across services for those with mental ill-health or learning disabilities across Sutton Council and CCG, and in the West Midlands across a sexual health pathway (termed 'Umbrella') of the NHS, VCS organisations, Birmingham City Council and Solihull Metropolitan Borough Council.

20 See www.collectiveimpactforum.org/ and www.ssireview.org/articles/entry/collective_impact/ [accessed April 2016].

## HOUNSLOW'S THRIVING COMMUNITIES STRATEGY

*Hounslow Council has a Community Partnerships Unit (CPU) which sits within the Chief Executive's directorate and therefore spans the work of the whole council, not one particular department. The CPU developed a council-wide 'Thriving Communities Strategy' which directly engages with and signposts different council departments towards how it can incorporate and work with the VCS, to engage communities and voluntary sector representatives in meeting local needs. The strategy is based on the following outcomes: empowered residents actively shaping their local area and enhancing civic pride; enabling independence and resilience by building the skills, resources and capacity of residents, neighbourhoods and communities; and having a vibrant, self-sustaining and ambitious Voluntary, Community and Social Enterprise sector in Hounslow.*[21]

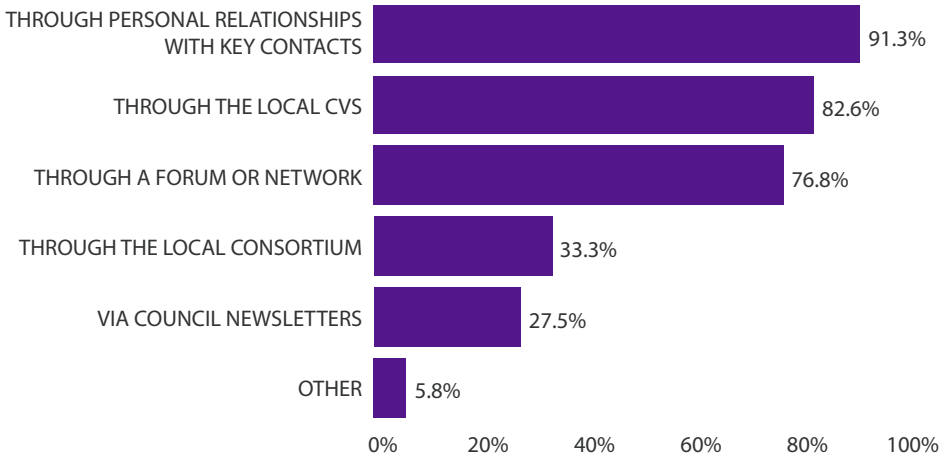
## ENGAGING THE VCS

Engagement with the VCS is also essential at the earliest possible opportunity as commissioners carry out the needs assessment of cohorts and places, including the assets of individuals as discussed in the previous chapter. Not only is this important for the VCS as potential providers, but for commissioners to understand the full scale of what is out there and what will be possible to deliver. Remaining as inclusive as possible is key to ensure that not one organisation is the dominant voice, but that a cross-section of representatives are consulted.

There are many ways to engage with the VCS. Our survey demonstrated that personal relationships with key contacts, the local CVS, and forums and networks were the most often utilised ways in which to engage (see Figure 4).

21 London Borough of Hounslow (2015), *Thriving Communities and VCSE Sector Strategy 2015-2019.*

**FIGURE 4** HOW DO YOU ENGAGE WITH THE VCS IN YOUR AREA? (N=69)




Throughout our research it was reported that there can be an *over*-reliance on personal relationships between commissioners and providers. Personal relationships are important and a key tool to engagement but there is a challenge in making these relationships more sustainable, across and within many organisations. As one game participant put it, *"without personal relationships we have a fragmented system".*

This is particularly important in the current climate where council commissioning teams are being reduced, thereby removing some key contacts. For example, in one area a council officer set-up and sourced development funding for a local voluntary sector consortium to provide a single point of contracting between commissioners and providers, allowing commissioners to aggregate smaller contracts through the consortium. When this officer moved on from the council, the use of the consortium was limited, never fulfilled its potential of being the single point of contracting, and new relationships were not sought between the council and the VCS. This is not an uncommon story.

Some councils are mitigating the risk of depending on a few key contacts through developing council-wide strategies for engaging with the VCS. These can set a precedent for all council departments to realise the benefits the VCS can bring to communities (see Bristol below). Implementing such strategies requires buy-in from the top within councils, which should filter down to all levels of key decision-making.

### BRISTOL'S ENABLING COMMISSIONING FRAMEWORK

*Bristol City Council established an Enabling Commissioning Board with the role of creating a commissioning framework, and providing guidance and training for commissioners. Voscur is a charity that provides direct support services and specialist advice to voluntary organisations and social enterprises, and is the local third sector infrastructural support agency for the VCS in Bristol. Voscur co-wrote the Enabling Commissioning Framework with the council, which seeks to facilitate small and medium-sized charity involvement in the commissioning process. The framework serves as a checklist for commissioners and therefore standardises the commissioning process, and directly involves the voice of the VCS.*[22]

## PLAN

Engaging with the VCS is essential in order to inform service design. In particular, early engagement can help to bridge the gap between what commissioners ideally want, and what providers can realistically offer. The VCS are well-placed to inform commissioners about the range and wealth of expertise on offer in the community. This is all the more important at a time when commissioning teams are losing specialist knowledge of specialist services (for example in domestic violence) through redundancies. The key to ensuring a fair process is to be as inclusive as possible, factoring in the widest variety of VCS voices into the design process.

22 Bristol City Council (2012), *Commissioning and Procurement Intentions 2011-2012, 2012-2013.*

## BEING MORE SPECIFIC IN TENDERS

Throughout our research many council and VCS representatives noted that commissioners can write unclear specifications. For example, a few game participants mentioned that *"commissioners tend to write in very fluffy language on tenders"*. Non-specific or ambiguous language on tenders will not produce the most coherent, or necessarily welcome, results from bids.

For many VCS organisations, accessing council funds through the commissioning process, rather than through a grant-based system, represents a very different way of working and as a result, councils often cites that the VCS is not 'bid ready'. In general, we found that councils think that larger VCS organisations write better bids, despite claiming to prefer working with smaller organisations (see Figures 5 and 6).

**FIGURE 5** IT IS EASIER TO WORK WITH NATIONAL VCS ORGANISATIONS THAN SMALLER, LOCAL VCS ORGANISATIONS (N=74)

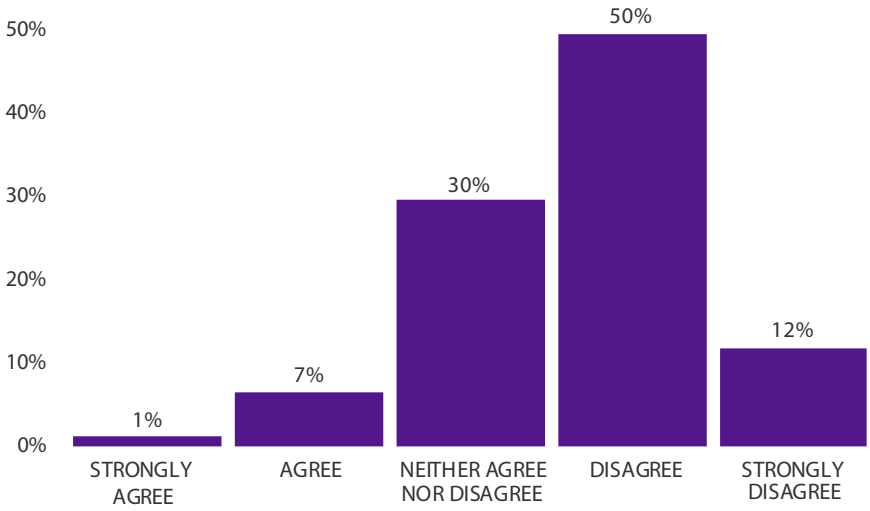
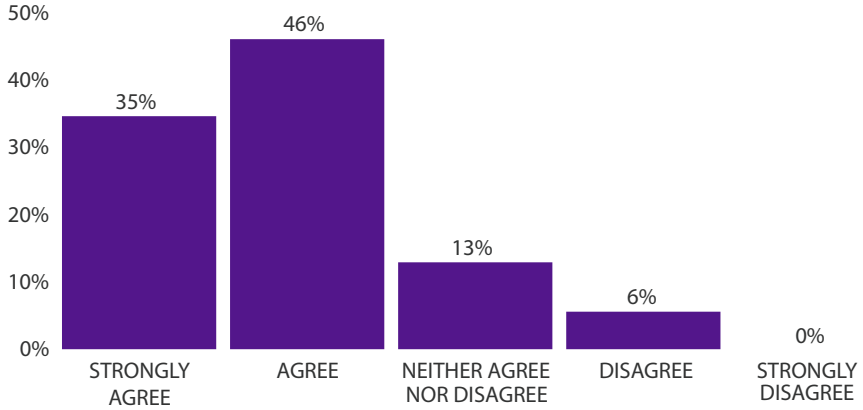


**FIGURE 6** LARGER VCS ORGANISATIONS FIND IT EASIER TO WRITE BIDS THAN SMALLER ORGANISATIONS (N=69)




Larger organisations are much more likely to win these types of contracts, because they have a broad range of expertise and have the resources and capacity to write successful bids; in many cases through dedicated bid-writing teams in organising, writing and winning contracts.

These difficulties are not one-sided. We also heard that *"commissioners find it incredibly frustrating when bids come in and offer services that the tender didn't ask for"* which highlights often wasted energies from providers writing bids which are not fulfilling precisely what the commissioners have asked for.

In order to overcome this, it is important that councils clearly articulate and communicate what will constitute a strong bid, but also allow some flexibility within the VCS service delivery to actually make it happen. We argue that councils should explore their options in partnering with the VCS, and provide grants for smaller amounts of money to allow specialist, community services to continue without the high costs and difficulties associated with commissioning which can disproportionately affect smaller organisations.

## FREEDOM TO ENGAGE

Procurement is often a driver of specific commissioning behaviour, notably lack of pre-procurement dialogue from commissioners. This is because EU procurement laws are perceived to be a barrier to engaging with the market. Despite government guidance on when and how to follow EU procurement laws, councils fear breaking regulations, particularly safeguards on corruption. Figure 7 sets out the guidance on these regulations and demonstrates that the laws are much more flexible than much current practice would suggest. In particular, new regulations expressly permit preliminary market consultations between contracting authorities and suppliers with a view to preparing the procurement and informing the market. For this purpose, councils may, for example, seek or accept advice from independent experts or authorities or from market participants. Such advice may be used in the planning and conduct of the procurement procedure, provided that it does not have the effect of distorting competition and does not result in a violation of the principles of non-discrimination and transparency.

### **FIGURE 7** NEW FREEDOMS THROUGH 2014 PUBLIC CONTRACTS DIRECTIVE UPDATES ON EU PROCUREMENT LAWS[23]

- Preliminary market consultations between contracting authorities and suppliers are encouraged, which should facilitate better specifications, better outcomes and shorter procurement times.
- More freedom to negotiate. Constraints on using the competitive procedure with negotiation have been relaxed, so that the procedure will generally be available for any requirements that go beyond “off the shelf” purchasing.
- Contracting authorities are encouraged to break contracts into lots to facilitate SME participation.
- A turnover cap has been introduced to facilitate SME participation.

23 See items 5.11, 5.12, 5.5 and 5.6 in Crown Commercial Service (2015), *A Brief Guide to the EU Public Contract Directive 2014,* available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/472985/A_Brief_Guide_to_the_EU_Public_Contract_Directive_2014_-_Oct_2015__1_.pdf [accessed February 2016].

Understanding these greater freedoms should enable more open and transparent dialogue between commissioners and providers.

## DO

When awarding contracts, it is difficult – albeit understandable – for councils to move away from the reality that price is a major factor. As one game participant stated: *"it is very rare that someone is offered a contract who isn't the lowest bidder"*. The cost of commissioning and the need to make efficiency savings is leading to fewer, larger, more generic and more aggregated contracts being put out to tender which have a disproportionately negative impact on small and medium-sized charities.[24] The short-term nature of some contracts, combined with the high costs of the commissioning process, means that smaller organisations have very few incentives or opportunities to access the current commissioning landscape. However, smaller organisations are also more likely to be the organisations more deeply embedded within their communities, providing vital or specialist services and regularly engaging with their communities. As such, the lowest bidder may provide a competitive price, but will not necessarily provide the best quality or specialist services, or have the greatest insights into local communities.

In assessing value, councils should consider the important role that smaller, grassroots organisations have to play and the important insights they have to offer about the communities they are embedded in. Councils should facilitate smaller organisations in the commissioning process through a cycle of engagement and collaboration, gaining insights into the sector and communities on a continuous basis. These organisations are at risk of a race to the bottom, and communities are at risk of losing vital support, if they are not enabled to access contracts.

Councils should ensure that social value is more than a 'duty to consider' and instead is an intrinsic element of a successful bid, for example through increasing the weighting attached to social value in evaluating bids. This is particularly important when commissioning the VCS in order to not treat the

24 NCVO (2016), *Navigating Change: An Analysis of Financial Trends for Small and Medium-Sized Charities.*

sector as an 'average provider'. For instance, many of our game participants recognised the social value of the VCS as local, grassroots organisations that can offer local employment and volunteering opportunities.

Defining social value is difficult, and many councils approach a definition in different ways. Some definitions of social value can, counter-intuitively, disadvantage smaller enterprises because of the financial costs and human resource burdens, for example if a tender requires organisations to provide apprenticeships. Effectively defining social value is crucial to ensure that it will facilitate, not prejudice, small and medium-sized charities. Engaging with these charities to understand what is possible and necessary is important. The following points demonstrate a step-by-step process in approaching social value in contracts.

- Develop a definition of social value through consultations with communities and the VCS which links to existing council strategy and priorities.
- Develop a policy for social value in commissioning and procurement, giving clear guidance on how these can be incorporated in practice.
- Clearly translate the definition and policy within the tender specification, drawing contractors' attention to them.
- Raise the weighting of social value to an intrinsic part of the bid with clear criteria in which to judge bids.
- Continue to measure value through comprehensive indicators throughout the contract management.[25]

## REVIEW

Commissioning is an ongoing process, and therefore engagement and communication should be continuous between commissioners and providers. Early engagement is a key aspect of whole systems commissioning, but the emphasis on communication should not be forgotten once a tender has been put out.

25 These steps have been adapted from the guidelines detailed in Social Enterprise UK (2012), *Public Services (Social Value) Act 2012: A Brief Guide*.

The learnings from the contract management and evaluation stage should segue, and provide a feedback loop, into the next commissioning cycle, to ensure that knowledge and expertise is not lost for the people at the centre. As one of our roundtable participants noted, "*if we really want whole systems commissioning, councils need to invest in contract monitoring and engagement*" and "*we need to make the case for engagement in a cycle*".

## THE WAY FORWARD

Closer collaboration between commissioners and providers is essential if whole systems commissioning is to be successful. In particular, smaller VCS organisations have noted that the commissioning process is skewed in favour of larger VCS organisations and struggle to find the time and capacity to invest in the commissioning process. At the same time local authorities want to work with smaller local charities but feel they need to award contracts to the lowest priced bids. For whole systems commissioning to gain traction, commissioners and providers must engage and collaborate more closely to work together to achieve aligned outcomes, rather than in silos, where understanding can be lost or misinterpreted.

# 5 COLLABORATION BETWEEN PROVIDERS

*"The reason people fall through the net is because they are signposted to so many different people and no-one takes responsibility."*[26]

**Working as a whole system means that collaboration amongst the provider side is just as important as the strong relationships between commissioners and providers or commissioners and service users. In particular, greater partnership working between VCS organisations is essential to alleviate the problems of separate service silos, provide people with more holistic support networks, and potentially produce efficiency savings through reducing duplication of services. Without collaboration between VCS organisations, it is difficult to provide wraparound support, particularly for those with multiple needs, and people can more easily get lost in the system.**

Each local authority area has hundreds of VCS organisations: there are 165,290 registered in England alone.[27] These organisations differ from small local organisations with turnovers of £25,000-£100,000 to larger organisations that operate with turnovers of over £100 million.[28] While these organisations are not a homogenous group, with different priorities and processes, they often interact with the same people. For this reason, it is essential that all providers, whether they be small, medium or large charities, work together.

However, working in service silos risks people slipping through the net as providers work towards separate objectives, separate contracts and

26 Gaming participant.

27 Charity Commission (2015), *Official Statistics: Recent Charity Register Statistics,* available at https://www.gov.uk/government/publications/charity-register-statistics/recent-charity-register-statistics-charity-commission [accessed March 2016].

28 NCVO (2016), *Navigating Change: An Analysis of Financial Trends for Small and Medium-Sized Charities.*

separate outcomes. Under the current system, a person facing severe and multiple disadvantage might have access to several different charities to address, for example, drug rehabilitation, homelessness support, mental health counselling, employment support and combatting social isolation. Joined-up partnership working between voluntary sector organisations means that a person's needs are not tackled in isolation, but by a holistic support network.

While the primary motivation for whole systems commissioning is better outcomes for individuals, closer collaboration between providers can reduce waste and duplication in service provision. This earlier intervention could potentially lead to a more cost effective system.

Closer collaboration between providers will involve a cultural shift for both local authorities and VCS organisations. Firstly, councils will need to incentivise providers to work closely together. Currently, the VCS are often incentivised to compete rather than collaborate by commissioning processes which can cause conflict between larger organisations and smaller charities. Secondly, providers will need to move from being competitors to funding and collaborate when bidding for contracts. Many different models exist for provider-side bidding and there is not a 'one-size fits all' approach.

## FOSTERING COLLABORATION NOT COMPETITION

The present system does not incentivise collaboration. Instead, budget cuts have resulted in fewer, larger, aggregated contracts and VCS organisations bid against each other for these contracts. Both councils and VCS organisations need to work together to remove this competitive element, to ensure that better outcomes for service users are the primary motivation for contracts.

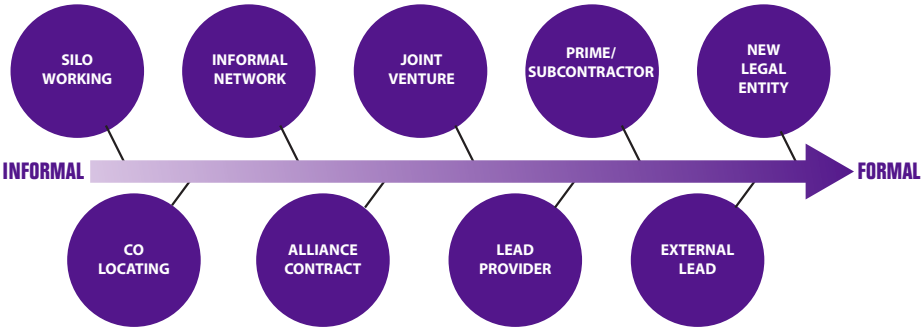
Although the onus is mostly on the VCS to collaborate, commissioners can play a role in incentivising collaborative behaviours. This can be done through tender specifications which, for instance, commission for population-level outcomes, rather than service-level outcomes and stipulates that the ultimate success indicator is that a person no longer needs support.

Commissioners could put out tenders which clearly state that joint bids would be welcome or that funding arrangements can be flexible. Crucially, commissioners need to leave time to allow providers to organise, build relationships and collaborate. This time must be built into the bidding process to allow the provider side to jointly create solid contract bids.

There are many ways that VCS organisations can engage and network with each other to build strong working relationships. For example, providers can establish a local VCS directory with contact details and descriptions of all organisations within an area; run informal networking events such as speed dating events to put faces to names; and create more formal provider forums with regular meetings and joint working. In order to be a whole system, provider-side organisations need to work collaboratively for the person at the centre rather than to separate organisational targets.

Once the foundations of relationships have been built, providers can move towards collaborating on a much broader scale in bidding jointly for commissioned tenders. Figure 8 details a number of delivery models which could be utilised in bidding jointly for contracts and demonstrates that collaboration can be thought of as a spectrum. These delivery models range from informal partnership agreements, to more formalised collaborative structures. Most groups in our game identified that having a lead organisation, whether as a lead provider, prime contractor or external lead, was vital in order to provide a single point of contact between commissioners and providers. This could also offset concerns over risk and accountability: as one game participant noted, *"a lead partner is necessary because without it, as a commissioner there would be no direct accountability, and as a VCS organisation there would be greater risk if one organisation went bust".*

## FIGURE 8 SPECTRUM OF COLLABORATION




| | |
|---|---|
| SILO WORKING | Working to separate objectives and outcomes |
| CO-LOCATING | Sharing office space which enhances informal networking and 'water-cooler' conversations |
| INFORMAL NETWORK | A network attended freely with strategic discussions but no obligation to share resources or partner |
| ALLIANCE CONTRACT | One contract between the commissioner and an alliance of parties who deliver the project or service. Risk is shared amongst commissioner and providers |
| JOINT VENTURE | A commercial arrangement between two or more separate entities (public-public, public-private, or mutual joint ventures; or this could be a new legal entity). Risk is shared amongst all providers |
| LEAD PROVIDER | An arrangement between partner organisations in a contract with one organisation as the accountable body |
| PRIME/ SUBCONTRACTOR | An arrangement where the contract holder delivers the bulk of contracted service and pays other organisations to deliver specific services |
| EXTERNAL LEAD | A non-delivering organisation provides the contract management function |
| NEW LEGAL ENTITY | Collaborating partners form a new organisational structure |

The differing collaborative models can be seen up and down the country.

In Sunderland, the City Council invest in co-locating office space as a hub for local VCS organisations, including providing the physical building and the gas and electricity as part of the Community Connector Pilots.[29] This enables the VCS organisations to get on with the important business of delivering essential services, as opposed to worrying about the basic day-to-day management of the office.

In Hounslow, the council grant-funds the Hounslow Community Network (HCN), which is a representative body of VCS organisations. HCN gives the VCS organisations a collective voice when communicating with the council, NHS, police and other public sector bodies; encourages regular communication through email briefings and network events; and coordinates consultations with VCS organisations on behalf of commissioners.[30]

In Blackburn, the Families and Wellbeing Consortium acts as an external lead and central point of contracting between the VCS and the council. It is a VCS membership organisation across Lancashire, organising networking forums and grant-funding smaller organisations with greater specialisms to ensure their involvement in accessing funds.[31]

Collaboration around contracts is particularly important when smaller, local VCS organisations are working with bigger, more national organisations. Larger organisations have been accused of using smaller VCS organisations as 'bid candy'[32] to secure bids because of the added value that smaller, localised charities can offer, but often subsequently do not put through referrals or utilise the services of these smaller charities. These behaviours are not conducive to building trust and resilience to work in partnership over the longer term.

There is no correct way to collaborate. The suitability of how the provider-side should coordinate will depend on past relationships and levels of trust

29 See http://neconnected.co.uk/community-connectors-east/ for more details [accessed April 2016].
30 See http://hounslownetwork.org.uk/about-hn/ for more details [accessed April 2016].
31 See http://childactionnorthwest.org.uk/fhwb/ for more details [accessed March 2016]
32 Lloyds Bank Foundation (2015), *Expert Yet Undervalued and on the Frontline: The Views and Voices of Small and Medium Sized Charities.*

within the voluntary sector, and to an extent the availability of funding to initiate and develop ways of partnership working.

## INVESTING IN INFRASTRUCTURE

Collaboration is difficult, and sustaining this without funding is even harder. One game participant noted that *"commissioners are notorious for failing to recognise the cost to the VCS of setting up new arrangements and services".*[33] VCS organisations that have collaborated and formed relationships when responding to tenders, find that these can disintegrate or fracture when contracts are not won, when they are in the intermediary period before or after a commissioning cycle, or when there is no immediate need to organise.

There is a strong case for investing in collaboration, as *"it's difficult to expect partnerships to continue to run when not funded to do so".*[34] However, there is a level of disagreement about who should shoulder the costs. For some, it is important that councils invest in the infrastructure and they view any investment as development of the market and crucial to sustain their local VCS and local knowledge.

*"It is very very difficult for voluntary sectors to work it out amongst themselves; there is a role for councils as enablers."*[35]

For others, however, the council is not a key feature in the organisation of the provider side.

*"People in the third sector haven't and won't come together –why should councils pay for it?"*[36]

This particularly reflects the opinion of those from councils who had previously invested in VCS infrastructure which subsequently ceased to function.

Investment is not just about money, but also the currency of time. A strong VCS infrastructure requires an organisation to facilitate and broker

33 Gaming participant.
34 Roundtable participant.
35 Roundtable participant.
36 Gaming participant.

relationships between partner organisations. Where this comes from will differ from place to place. In some areas, councils or consortia provide this function. In others, the local CVS provide the vital link between commissioners and providers, and in some cases offer substantive training and development. However, in some areas the role of the CVS is muddied as they also hold contracts with the council, for example in running the local volunteer centre. This has led to claims of conflicted interests between the CVS being the broker of stronger relationships on the one hand, and being a competing force as a supplier on the other.

Councils should consider ring-fencing some of their budgets to invest in the VCS infrastructure, whether that be through the local CVS, a lead organisation in a consortium or a role in the council. Partnerships need to be enabled and invested in, both in time and money, to provide a solid basis for strong partnership bids amongst the VCS and ultimately to enable a sustainable local VCS.

## THE WAY FORWARD

Collaboration between providers is essential to provide the holistic, wraparound support to service users, particularly those with multiple needs. Successful collaboration needs to be based on the development of strong relationships and trust between providers. This will take time to develop and will need to take place within the specific contexts of each area's history and tradition of partnership working within the VCS.

Councils could incentivise closer collaboration through their tenders and VCS organisations will need to move from being competitors to funding and collaborate when bidding for contracts. Providers working in partnership will not only be beneficial to their respective organisations but, most importantly, to service users.

# CONCLUSION

**As budget cuts affect the public sector and the services they provide, there has been an inevitable impact on the VCS and the people who are supported by them. Not only have they experienced reductions in local and central government income, but they are increasingly being called upon to support people with low or moderate needs who would previously have used council services. This means they are being asked to work in whole new ways.**

At the same time the relationship between local authorities and the VCS has moved from one of grant giver to commissioner. The siloed approach of the existing commissioning process is not always appropriate for provision for people with complex needs. As a result, many small and medium-sized charities that do this work are struggling to adapt to the new commissioning landscape.

We are calling for a whole system change. This starts with considering the individual and the support they need to thrive, before zooming out to understand how all parts of the public and voluntary sector can work together to provide that support. Often, the needs of people facing disadvantage are interconnected and the local VCS is well-placed to address them in the round and through specialist support.

Refocussing the commissioning relationship offers a valuable opportunity for local authorities and other stakeholders to think as a 'whole system'. This allows them to integrate support on the ground between statutory and commissioned provision, in order to provide holistic care for service users. The health integration agenda is moving ahead with Sustainability and Transformation Plans, and it is important the VCS is able to play a central role in this. At the same time, through the devolution agenda, more opportunities for public service collaboration on a greater spatial scale are emerging. Devolution deals which include new responsibilities for employability and skills provision to be commissioned at combined authority sub-regional level offer new opportunities for collaboration at scale. This

creates new opportunities for services to be commissioned to strategically address identified local needs, as well as new challenges for the VCS to engage with these processes.

In order to implement whole systems commissioning, we recommend the following:

1. Local authorities can make immediate changes by **making social value more than a 'duty to consider' and putting it at the heart of the commissioning process** and where more appropriate **continuing to provide grants for lower value, specialist contracts.** Both elements will level the playing field for small and medium-sized charities allowing them to bid to provide better quality services for people's interconnected needs.

- **SOCIAL VALUE SHOULD HAVE GREATER WEIGHT IN THE TENDERING PROCESS.** In order to ensure the unique insights and wider impact that the VCS can have on the community is recognised, it is important that local authorities place as great an emphasis as possible on social value within tender documents. This may well involve trade-offs with a higher contract price. But local authorities need to strike a careful balance between short-term cost savings and identifying those achievable in the longer term through wider social impact which make upfront investment worthwhile.

- **COUNCILS SHOULD CONSIDER RETAINING GRANT-BASED FUNDING FOR SMALLER SUMS OF MONEY, OR FOR MORE SPECIALIST SERVICE DELIVERY**, as they can be more appropriate, time and cost effective, and have the ability to support innovation and flexibility of approach for smaller-sized voluntary sector organisations. Any commissioning process covering only small values must be fairly light touch and bureaucracy of the commissioning process should be kept to a minimum and designed to free up the VCS focus on the frontline; but local authorities will still need to ensure there is a strong focus on measurable outcomes to be agreed and delivered when grant-funding lower value contracts.

2. **An effective whole systems commissioning approach is built on continuous ongoing dialogue between all partners involved in the process.** In order for all parts of the system to work together around a common purpose, it is essential that time is spent by all parties to ensure that the relationship is collaborative and sustainable.

- **ENGAGEMENT WITH ALL STAKEHOLDERS AT THE EARLIEST OPPORTUNITY WILL BE ESSENTIAL.** Open, informal dialogue at an early stage will help foster an ongoing positive relationship between the VCS and local authorities by seeking the expertise of the former to define the challenges and parameters before the contract is tendered. Early engagement will also help to ensure that people's strengths as well as their needs are taken into account.

- **COUNCILS WILL NEED TO RECOGNISE THE VALUE OF TRAINING OPPORTUNITIES AND ROBUST INFRASTRUCTURE.** Local authorities should take a community leadership role and offer training either directly or indirectly to the VCS to develop expertise in bid-writing and engagement with the tendering process. This will enable the VCS to present their offer more clearly, adjust to the new commissioning landscape, and be open to working with local authorities.

3. **Commissioners need to incentivise whole system behaviour.** The devolution agenda provides significant opportunities to move towards a whole system approach. Where combined authorities have formed, there is a new level of accountability in managing devolved budgets, and the scale at which to commission provision for employment support, adult skills and in certain areas, health services. Alongside these opportunities there are numerous challenges to redesign the system, incentivise new ways of working and to align these with defined outcomes across larger geographies.

   It will be a challenge for the next phase of the devolution agenda to be more ambitious about how place-based budgets can work to more effectively shut down silos between separate departmental budgets such as crime and mental health, and acute and social care. A move towards larger place-based outcomes-based budgets would align the

risk of investment with the reward of potential cost savings into one budget. This could potentially engender a shift to preventative services that reduce demand for costly statutory provision to stack up financially. This would also allow a stronger role for the VCS to play an active part in this future place-based commissioning landscape since their specialist insight would be valued more allowing them to compete more equally.

Steps to implement whole systems behaviour which can be taken immediately include:

- **COMMISSIONERS AND PROVIDERS SHOULD COLLABORATE**, engage with each other and identify common cohorts of people with similar needs to better address these needs, reduce duplication and produce efficiency savings. It will be important to change behaviours, mind-sets and characteristics to ensure key stakeholders establish a shared vision, align outcomes and objectives, and draw on as much expertise as possible, particularly from people with lived experience.
- **COMMISSIONERS SHOULD, WHERE POSSIBLE, INCENTIVISE THE SYSTEM** not the organisation. Commissioners can do this by measuring performance through population-level outcomes, rather than service-level outcomes. A commitment to population-level outcomes requires different behaviours from stakeholders in which they act as part of a whole system and in which collaborative relationships are incentivised.
- **THE VCS MUST EXPLORE NEW COLLABORATIVE APPROACHES** in order to provide wraparound services for the whole person. This will require making new connections and adopting open mind-sets around collaboration to meet the requirements of new population-level outcomes.

Implementing whole systems change will involve all partners – including commissioners and providers – working in new ways outside of traditional spheres. The challenge is to keep an honest and ongoing dialogue open with the needs, assets, challenges and above all ambitions of the people who rely on the services at the heart of the process.

# APPENDIX A: METHODOLOGY

**The methodology for this report took part in four main stages:**

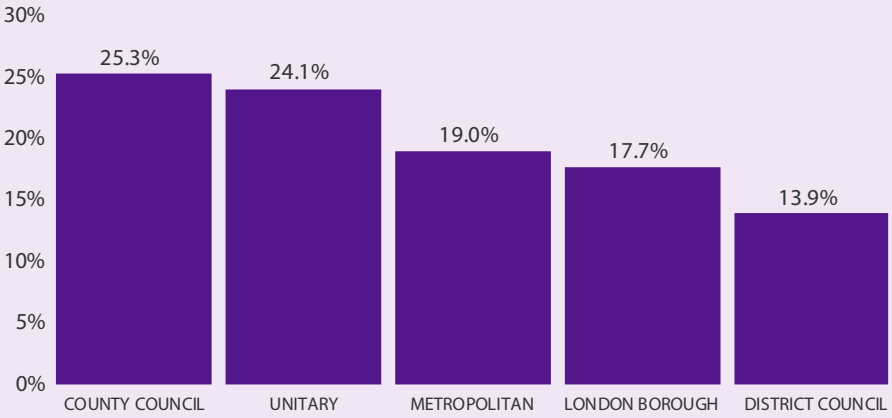
- Desk research and interviews with representatives from councils and the VCS from several geographies across England to gauge the main challenges to the current commissioning process and the opportunities for whole systems commissioning.
- A survey sent out to local authority commissioners to understand the challenges from a council perspective (see Appendix B for more details).
- Two gaming workshops, one in Liverpool and one in London, to test drive how whole systems commissioning could work in practice. This was attended by a combination of council commissioners, VCS representatives and current service users (see Appendix C for more details on how the game worked).
- Two regional roundtables, one in Manchester and one in London, to discuss the main themes emanating from our gaming workshops.

# APPENDIX B: ABOUT THE SURVEY

**The survey was sent out to local authority commissioners, senior officers, heads of service and politicians across England. In total there were 79 respondents. The following charts demonstrate the type of local authorities the respondents worked for and their job roles.**

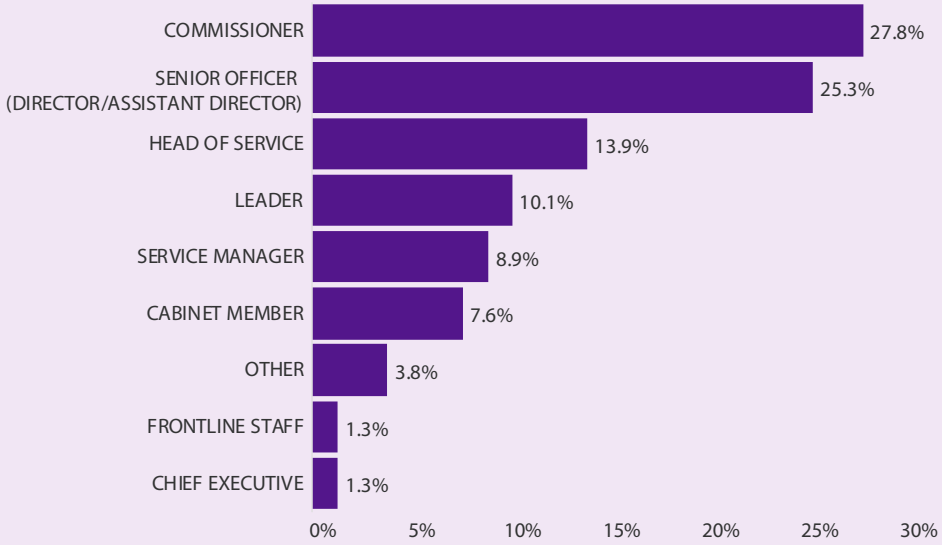
25 per cent of respondents were from county councils and 24 per cent were from unitary councils.

**FIGURE 9** WHAT TYPE OF LOCAL AUTHORITY DO YOU WORK FOR? (N=79)




The majority of respondents (28 per cent) were commissioners and a quarter were senior officers, meaning that the survey had good representation of both the strategic and operational sides of the commissioning process.

**FIGURE 10** WHAT IS YOUR ROLE WITHIN THE LOCAL AUTHORITY? (N=79)



# APPENDIX C: GAMING METHODOLOGY

**We held two gaming workshops, one in London and one in Liverpool. At each event the game was played in three separate groups, each containing up to ten participants. These participants were chosen to reflect all parties in the commissioning process: participants included current service users, commissioners and wider public health practitioners from local government, and representatives of the VCS.**

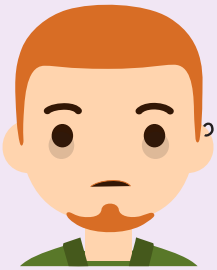
The day began with a power point presentation to introduce participants to Anyborough. This was a fictional space, based on an 'average' local authority. The purpose of using a fictional borough is to allow participants to let go of their locally embedded relationship challenges and organisational biases. For the same reason, all of the VCS organisations in Anyborough had fictional names. In the presentation, the borough's strategic priorities were set out. This included: outlining the findings of a borough wide needs assessment for adult health and social care; identifying that the council leader, Councillor Fairweather, was determined for Anyborough to become a beacon of commissioning; and explaining that budgets had been pooled to achieve this end.

## STAGE 1: PLAYING THE COMMISSIONERS

### NEEDS ASSESSMENT

In the first round, participants were split into three groups and told that they were representatives of the council. Each group was then presented with a fictional service user profile, a needs and future outcomes assessment, and a care pathway.

## SAM



**AGE: 30**
**AREA: MOSSVALE**
**STATUS: VERY DEPRIVED LOWER SUPER OUTPUT AREA IN ANYBOROUGH**

### SAM'S STORY

Sam showed promise as a child, he was the rising star of his schools athletics team. However, after Sam's father left the family home when he was 9 years old, his mother became seriously ill with multiple sclerosis (MS). Struggling with the pressure of caring for his mother at home, Sam was expelled for having a stanley knife in his pencil case at 15, leaving school without any qualifications and becoming involved in local gangs.

The pressure of caring for his mother led Sam into heavy drinking habits. This eventually turned into more serious substance misuse. Having smoked cannabis from the age of 13, he tried a number of psychoactive 'party' drugs in his twenties. When Sam was 25 his mother died. His life became more chaotic and he began taking crack cocaine.

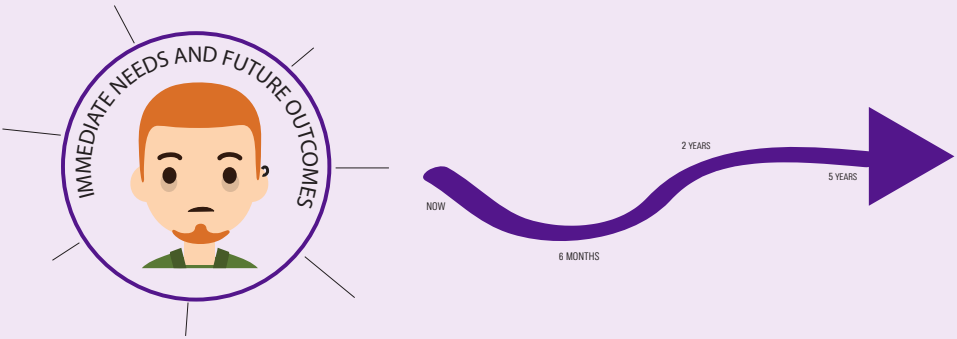
Crack cocaine leads to psychiatric problems, such as paranoia and depression, and contributes to violent behaviour. Sam was arrested and sent to prison for possession of Class A substances at the age of 28, and was released last year.

He is now homeless, struggling to find social housing due to high demand and his criminal record, and is suffering from paranoia. This paranoia was exacerbated during his time in prison, where he was the victim of bullying and physical assault.

### STATEMENT FROM SAM

When I got out, after rehab, I was sure I could stay clean. But, as I have no qualifications and a criminal record I couldn't find a job, and I've ended up bouncing around sofas with people from my old crowds – I've been using again. I want to get my life back on track.

Throughout the needs and future outcomes process, the facilitator reminded the group that they needed to focus on the service user. The group were then asked to put deadlines against these outcomes, and map them onto a care pathway.

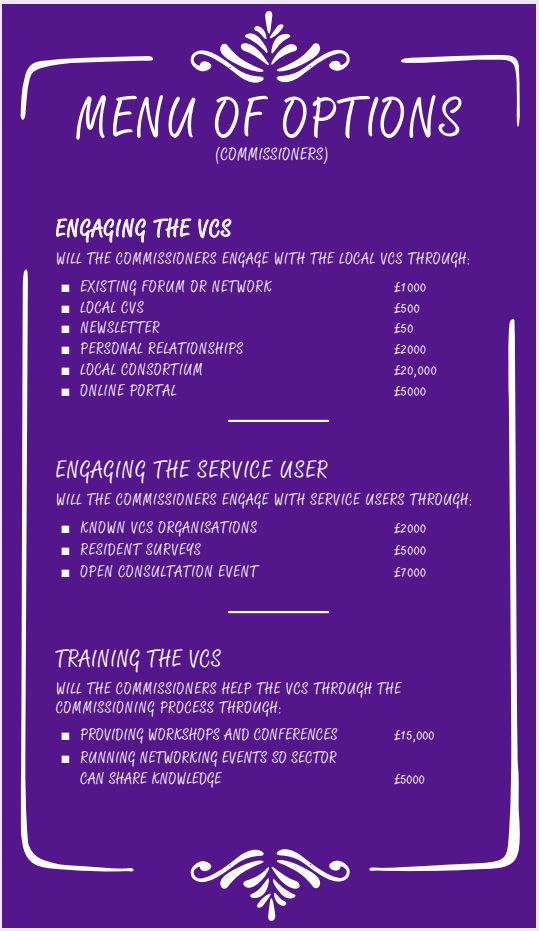



## THE BUDGET

The group were then invited to look at the summary cards for the VCS organisations within Anyborough, and chose any which they considered to be appropriate for their service user. Once these were placed along the care pathway and linked to different needs based priorities, the cost of each of these organisations was revealed by turning over the detailed VCS description cards.

The group's budget was then set at the total value of these organisations.

The group were provided with a menu of options which outlined the possible ways the group could engage with and train the VCS, and engage with service users. Training the VCS included an option to set up a consortium. Each of these options had an associated cost, which the participants were told would be deducted from their budget, with implications for the VCS providers they could ultimately include.



MENU OF OPTIONS

(COMMISSIONERS)

ENGAGING THE VCS

WILL THE COMMISSIONERS ENGAGE WITH THE LOCAL VCS THROUGH:

- EXISTING FORUM OR NETWORK £1000
- LOCAL CVS £500
- NEWSLETTER £50
- PERSONAL RELATIONSHIPS £2000
- LOCAL CONSORTIUM £20,000
- ONLINE PORTAL £5000

ENGAGING THE SERVICE USER

WILL THE COMMISSIONERS ENGAGE WITH SERVICE USERS THROUGH:

- KNOWN VCS ORGANISATIONS £2000
- RESIDENT SURVEYS £5000
- OPEN CONSULTATION EVENT £7000

TRAINING THE VCS

WILL THE COMMISSIONERS HELP THE VCS THROUGH THE COMMISSIONING PROCESS THROUGH:

- PROVIDING WORKSHOPS AND CONFERENCES £15,000
- RUNNING NETWORKING EVENTS SO SECTOR CAN SHARE KNOWLEDGE £5000

## CHALLENGES

While the game sought to create a space of opportunity in which the potential of whole systems commissioning could be explored, it was also necessary to identify how different stressors might affect decision making. The challenge cards helped to elicit changes in strategy from the players by presenting political or logistical problems. This invited the participants to further debate what kinds of training and engagement were necessary, which organisations could be included, and what the priorities were for this commissioning cycle.

**CHALLENGE CARD**

Poor governance of Breaking Better has left them at high risk of going bust.

You now have to rethink how you can manage this risk.

**CHALLENGE CARD**

Echo are a much-needed service provider, but cannot evidence their social value outcomes in the way required by the council.

How can you resolve this?

If the participants did not feel, while playing their role as commissioners, that these were 'their problems' the cards were passed on to the next round and inherited by the VCS organisations which received that tender.

## WRITING THE TENDER

Having had the political, operational and financial challenge cards, the commissioners were asked to write the tender for a cohort of their service user profile. All three groups then came together and presented their tender to the rest of the group.

**TENDER**

| PURPOSE | PRICE PROPOSAL |
|---|---|
| | |

| SERVICES REQUIRED | AWARD CRITERIA | WEIGHTING (%) |
|---|---|---|
| | TECHNICAL CAPACITY<br>SOCIAL VALUE<br>PRICING<br>OTHER | |

**OUTCOME INDICATORS FOR THE INDIVIDUAL:**

6 MONTHS

2 YEARS

5 YEARS

# STAGE 2: PLAYING THE VCS

## GETTING TO KNOW THE NEW SERVICE USER

The groups stayed together in their same teams and were told that they were now the VCS in Anyborough, and that they represented the sector – not individual organisations.

The groups were given the profile of their new service user, and asked to fill in an outcomes framework for them. This invited the group to come to their own decisions about needs and outcomes. This allowed for any changes in approach to be noted.

The group then selected the relevant VCS, in reference to the cards. As in the last round, the services were then costed and the group were given a total expenditure value. In several, but not all cases, this exceeded the value of the contract.

## WRITING THE BID

The group were then asked to prepare their bid.

**BID**

| TECHNICAL CAPACITY | SOCIAL VALUE |
|---|---|
| **PRICING** | **OTHER** |

During this stage, the facilitator asked how the VCS would bid – separately, using a consortium and biding jointly, forming a consortium-lead/subcontractor model – and, if forming a consortium, how would risk be managed – as jointly and severally liable, in a Memorandum of Understanding or Partnership Agreement, using a Non-Disclosure Agreement, or a Service Level Agreement or Contract.

If savings needed to be made, where more organisations were needed than the budget permitted, the groups were asked to clarify how they would make these savings; by cutting out some organisations or their services; merging back offices and administration; or deciding to go in over the tenders value, perhaps with a stronger social value contribution.
They were instructed that they could ask the council more than is in the bid – for instance, request more dialogue or have a more flexible contract with the opportunity to revisit terms after a given period of time.

## CHALLENGES

As above, challenge cards were introduced to test the resilience of the model that participants had developed, and to invite them to reflect again on the choices they had made. Two categories of challenge card were available. One set were only relevant if the group had formed a consortium, the other were more broadly relevant system shocks.

**CHALLENGE**

1 year into the contract, one of the organisations in your consortium goes bust.

How do you resolve this?

**CHALLENGE**

2 years down the line, your VCS organisation is unable to evidence outcomes. You do not feel this is because your service is poor, but that many aspects of what you do cannot be measured in these ways.

How can this be overcome?

At the end of the day, all of the groups were brought together in order that the bids could be assessed by their respective commissioning team. The floor was opened to wider debate and feedback.

# LANKELLY CHASE

**Lankelly Chase aims to bring about lasting change in the lives of people currently most disadvantaged in our society.**

Our vision is of a society where everyone can live a rewarding life, where government and civic institutions respond with urgency and compassion to social harms, and where attitudes to those most disadvantaged are rooted in understanding and humanity. We focus on the way disadvantage clusters and accumulates, particularly homelessness, substance misuse, mental health issues, violence, abuse and chronic poverty. We do this by supporting pioneering people to grow the ideas, relationships and evidence that can help reshape the way we all approach social disadvantage.

For more information please visit, **www.lankellychase.org.uk**

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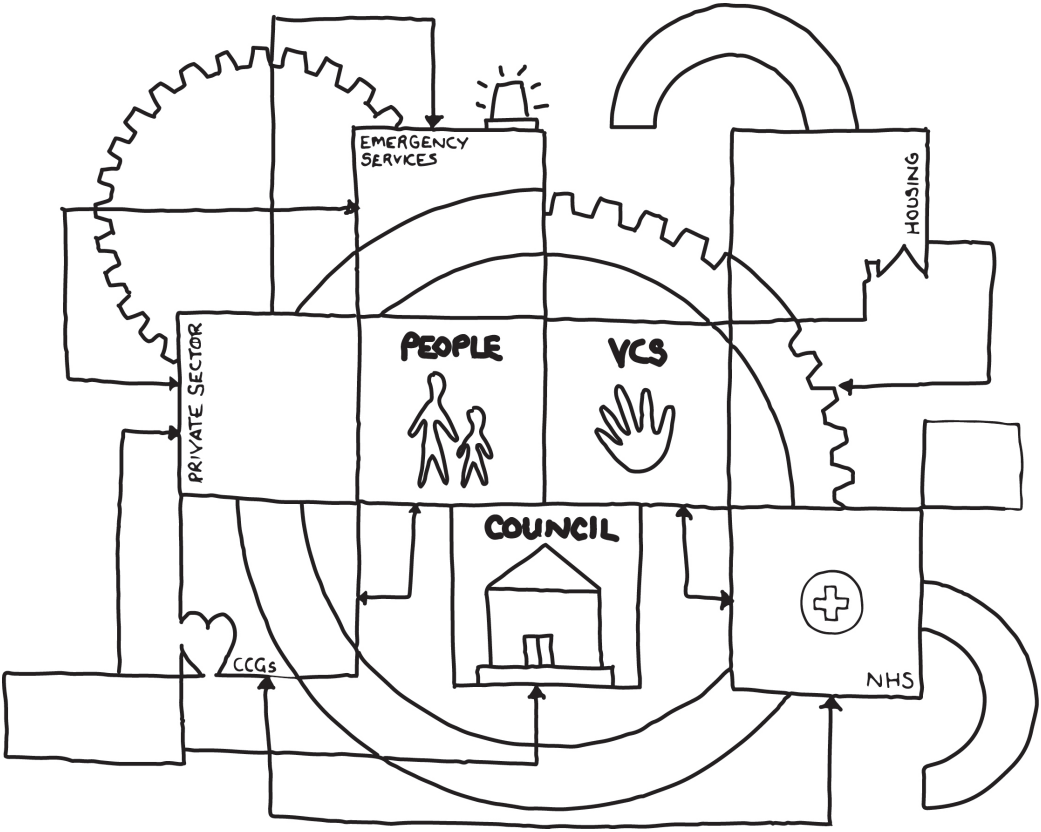
EMERGENCY SERVICES
HOUSING
PRIVATE SECTOR
PEOPLE
VCS
COUNCIL
CCGs
NHS

**Funding for the public sector has fallen dramatically over the past few years and this is set to continue. At every level, government is being expected to do more with less and with increasing efficiency. As budget cuts force the public sector to reduce the extent of services they provide, there is a serious risk that some people will be left behind.**

This report looks at whole systems commissioning as a different approach to joint working between the VCS and local government to tackle the challenges of severe and multiple disadvantage.

The approach starts with the individual and the support they need to thrive, before zooming out to consider how all parts of the public and voluntary sector can work together to provide that support. Through this approach we seek to reconcile the demands that councils face to demonstrate value for money, with a recognition of the factors that make the VCS special.

***Supported by***

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