

CABINET

13/10/11

REPORT OF THE PORTFOLIO HOLDER FOR ECONOMIC DEVELOPMENT AND ENTERPRISE

TAMWORTH COMMISSIONING PLANS

TITLE: Third Sector Commissioning in Partnership (TSCiP) programme – Tamworth

PURPOSE

To:

- Seek endorsement of the recommendations
- Note the progress of TSCiP to date
- Ensure funds are aligned where possible in future commissioning

RECOMMENDATIONS;

- 1) To align Tamworth Borough Council budgets on the Debt, Benefits and Consumer advice service with the County Council TSCiP team as lead commissioner from July 2013
- 2) To maintain the current position for infrastructure support and volunteering with a view to adopting a stand alone model if feasible in the future

RESOURCE IMPLICATIONS

Officer time to oversee the commissioning process in conjunction with the County TSCiP team. An indicative commitment to support further Debt and Generalist advice services (approximately £60,000 per annum for three years from July 2013) Commitment to support Infrastructure and Volunteering (approximately £40,000 per annum for three years from July 2013)

Budgets of £60k per annum and £40k per annum are currently included in the Medium Term Forecast to support these projects

LEGAL/RISK IMPLICATIONS BACKGROUND

Risks associated with Commissioning Services via TSCiP can be reduced by a full risk assessment at initial stages

SUSTAINABILITY IMPLICATIONS

The type of projects commissioned and how these are sustainable must be a key consideration and built into the needs assessment, service outline and application process

CONCLUSIONS

In the current economic climate we all have smaller budgets and fewer resources, partnership working and alignment of funding is the best way to address these shortfalls and provide 'more for less' for Tamworth communities.

Joined up implementation of our resources will ensure partnership support and ultimately the services which are a priority for Tamworth residents, reducing risk significantly.

Commissioning Services over 2/3 year periods enables sustainability and is in keeping with Compact principles as it allows fair and transparent procurement of services.

The Debt, benefits and consumer advice service (currently provided by the CAB in Tamworth) is an obvious choice for aligning resources; it is a clear cut service with significant evidence of need. CAB's are currently looking at mergers where possible with Tamworth considering two mergers within Staffordshire. Therefore the core £60,000 per annum budget could be aligned in a very straight forward way. The £20,000 per annum paid to CAB is a short term contract for a specific piece of work and could not be aligned as its a specific grant from CLG (homelessness) and there is no further budget available.

The Volunteering and Infrastructure service is currently provided until July 2013 and we are looking at future needs assessments for Tamworth to ensure we have the right services available for Tamworth, for this reason it is prudent to maintain the current position with a view to looking at a stand alone model in the future.

At Tamworth BC we are in a very strong position having developed our Commissioning Framework to a very high, robust and efficient standard. Developing consistent standards across the county will be of big benefit to all Staffordshire services. At Tamworth we are currently in a position to support these developments as required.

We have aligned our timescales and will endeavour to minimise the impact on local third sector by ensuring current three year contracts are kept in place until completion. We will ensure that priority is given within contracts to local services that meet local needs.

We will develop the service specification, contract and monitoring arrangements in partnership with TSCiP. If for any reason this does not align with our needs or the needs of our communities we can continue with the Commissioning model which has been developed in Tamworth.

BACKGROUND INFORMATION

Tamworth Borough Council hold two contracts with the Citizen Advice Bureau one core contract with an annual value of £60,000 for three years (expiry June 2013) and one with an annual value of £20,000 for two years (expiry approximately October 2013).

We also hold two contracts with the Tamworth Centre for Voluntary Services with an annual value of approximately £31,000 for infrastructure support and approximately £9000 for Volunteering services.

Through the first year of performance monitoring we are confident that all contracts are meeting Performance Indicators and providing a very valuable service for Tamworth.

Next Steps in TSCiP Commissioning – Key timescales

STAGE 3 - TEST		
L - Confirm future requirements		
Confirm each participating PSO's ¹ service requirements/ outcomes for 2 services	Thu 10/11/11	Fri 16/12/11
Confirm each participating PSO's 3 year investment for 2 services	Thu 10/11/11	Fri 16/12/11
M - Sign up and Consultation		
Commitment to joint commissioning in place with participating PSO's evidenced by signed SLA's with each	Thu 10/11/11	Fri 16/12/11
Develop service outlines and consult with PSO's	Mon 02/01/12	Fri 24/02/12
N - Training		
Provision of training on new application process for interested parties	Mon 16/01/12	Fri 10/02/12
O - Procurement (Proposed Debt/Benefits/Advice Services and Infrastructure/ Volunteering Services)		
Tender process (staggered)	Mon 02/04/12	Mon 20/08/12
Appraisal process	Mon 09/07/12	Mon 17/09/12
Standstill Period	Mon 30/07/12	Mon 08/10/12
Collaborative agreement on KPI's	Mon 20/08/12	Mon 22/10/12
Contract Award Signed	Mon 03/09/12	Mon 05/11/12
Contract start dates (staggered)	Tue 01/01/13	Mon 01/04/13

Commissioning Options

Two options for shared commissioning were proposed following feedback from public sector organisations. These are an Aligned Budget with lead commissioner model and Stand Alone partnership arrangements. In addition a consistent approach to commissioning individually is suggested as an appropriate addition building on the Third Sector Commissioning Frameworks in place at Newcastle BC and Tamworth DC.

Under both shared commissioning models it would be possible to delegate functions from one organisation to another for relevant services and these delegations are legislated for. This approach is most often used in commissioning/ procurement where one partner receives delegated responsibility to commission on behalf of another partner and manages the other partner's resource according to the contract (DCLG, 2010).

¹ Public sector Organisations

The option to retain the status quo has been included and the advantages and disadvantages of this, and the other options, are set out at the end of the paper in Tables 2 and 3 however in the current economic climate with the budgetary pressures all public sector organisations are facing this will not deliver the efficiencies or economies of scale that the other shared commissioning options offer.

The DCLG, in their Guidance to local areas in England on pooling and aligning budgets paper, state that

‘Constraints on public finances mean that it is essential to find new ways of working that enable delivery on serious economic, social and environmental issues while at the same time making savings. The aim of pooled and aligned budgets is to deliver more efficient and effective services that better meet citizens’ needs. Sensible, collaborative behaviour can lead to better outcomes for local people and drive better value for money’ (March 2010).

Detail regarding the options available and how these would work in practice are detailed below.

Aligned Budgets with Lead Commissioner

Partners jointly fund services but retain responsibility for their budget, aligning resources in order to meet and deliver agreed aims and outcomes. Partners are able to identify the contribution each has made to the aligned budget. The funding streams remain separately managed, despite spending and performance being jointly monitored (Audit Commission, 2008).

The Lead Commissioner/Project Team will select a service suitable for joint commissioning based on the data collected and partner support. They will then contact each Public Sector Organisation (PSO) to determine their future intentions for funding the service and if they wish to participate in a shared approach.

For the purpose of the TSCiP programme it is necessary to have a lead commissioner so in practice this would mean partner organisations signing up to a Partnership Agreement to enable the lead commissioner to commission/procure services on behalf of all partners. Allocated budgets would be transferred to the lead commissioner on an annual basis, for the duration of the contract, to be spent against the service commissioned. Financial, contract and performance management would be carried out by the lead commissioner and reports provided to partner organisations.

Individual partner organisations remain responsible for the needs analysis and priority setting to determine the services they wish to commission. The agreement lasts for the duration of the contract and the process would begin again for any future re-commissioning.

Stand Alone Partnership Arrangements

A Stand Alone Partnership Arrangement would enable organisations to commission jointly where required. The onus would be on individual organisations to approach others to ascertain interest in a shared commissioning approach on a case by case basis.

For the purpose of the TSCiP programme, in practice this would mean adopting a consistent approach to commissioning across all partner organisations. This could be through an agreed commissioning framework, such as the Third Sector Commissioning Framework, which would be applied to all jointly commissioned services. One partner would then take the lead and commission on behalf of the group. Financial, contract and performance management could be performed by the lead partner or remain with individual partners.

Individual partner organisations remain responsible for the needs analysis and priority setting to determine the services they wish to commission. The agreement lasts for the duration of the contract.

Option Impact on Third Sector Commissioning Programme

Both shared commissioning options have merit and organisations may choose either approach depending upon the service to be commissioned, staff capacity, geography and the number of partner organisations jointly procuring. This enables a mix and match approach to shared commissioning to best suit the requirements of the organisation.

This means that as part of the Third Sector Commissioning Partnership programme partner organisations will not be required to select a single shared commissioning option in advance which will apply to future commissioning where a shared approach is possible. Instead organisations can determine which approach they prefer on a case by case basis.

In practice this will mean the lead commissioner/project team will identify a service area suitable for a shared commissioning approach based upon the data held and approach each PSO to determine if they wish to participate in the aligned budget approach with Staffordshire County Council acting as the lead commissioner.

Those organisations that wish to participate will be given a timetable for commissioning and the project team will work with them to determine requirements. Organisations that don't wish to join up in the aligned budget approach will be able to elect to use the stand alone model and partner with another PSO. In this case one or all of the PSO's involved will need to gather the required information and manage the procurement. Alternatively an organisation can choose not to participate in either approach and continue as per their current position.

Third Sector Commissioning Framework

Newcastle BC and Tamworth DC have both introduced Third Sector Commissioning Frameworks in the last couple of years that set out the way in which they buy services from the third sector. This ensures that the process used is transparent and equitable and that providers are accountable for the services they deliver.

Currently the approach to funding/commissioning the third sector varies greatly amongst PSO's. In adopting a Third Sector Commissioning Framework all organisations in Staffordshire and Stoke on Trent would be committing to a minimum standard ensuring consistency and fairness in the commissioning process.

It is suggested that a Framework be developed by the TSCiP Project Team, adapted from the Newcastle and Tamworth models, which could be used by all PSO's commissioning services between agreed thresholds that are not being considered as part of a shared

commissioning approach either because the service area is not under consideration or because the organisation does not choose to participate in a shared approach.

The Framework would not change existing small grant allocations and would only apply to funding over a certain value where a service is being commissioned from the third sector.

Table 1 demonstrates how the various shared commissioning options could work in practice for a specific service area.

Table 1: Commissioning Options Example

The example service is Debt, Benefits and Consumer Advice and the figures used for number of PSO's and contracts has been taken from the mapped data which show twelve PSO's currently funding this type of service. Contracts that definitely will not be renewed are not included. This enables a real life example to be used and shows that different approaches can be used in each organisation. This will however affect the return on investment and efficiencies and could affect delivery where different providers are awarded contracts.

Needs analysis and priority setting for all options is done by each PSO in accordance with their own processes.

Stages

1. Lead Commissioner/Project Team determine service area for consideration based on data held. Debt, Benefits and Consumer Advice Service selected as 12 PSO's currently fund and there are 22 potential contracts for inclusion
2. Lead Commissioner/Project Team approach each of the 15 Public Sector Organisations (PSO's) to determine if they have a future need for that service and are interested in commissioning in partnership along with their indicative budget.
3. Commissioning progresses as per the options shown below

Commissioning Option	Participating PSO's and Contracts	Action	Lead Party
Aligned Budgets – Lead Commissioner	5 PSO's New contract replaces 11 existing contracts and one new funding area	Gather data regarding participating PSO's service requirements, performance measures and budget allocation	Lead Commissioner
		Draft Service Specification for joint contract	Lead Commissioner
		Consult on Draft Service Specification with participating PSO's	Lead Commissioner
		SLA signed with all participating PSO's.	Lead Commissioner
		Annual Budget transferred to Lead Commissioner	Participating PSO's
		Commence procurement process including tender packs, advertising, selection, award and contracts including performance	Lead Commissioner
		Ongoing contract and performance management – reports provided to participating PSO's	Lead Commissioner
		Adopted Shared Commissioning Framework followed	

Stand Alone Partnership Agreement	3 PSO's	Approach made to other PSO's to establish interest in commissioning in partnership	Interested PSO
	New contract replaces 4 existing contracts	Agreement on lead for procurement process including drafting the Service Specification. Agreement on responsibilities and timescales. Agreement regarding contract and performance management.	Interested PSO
		SLA signed with all participating PSO's.	Designated Lead PSO
		Commence procurement process including tender packs, advertising, selection, award and contracts including performance	Designated Lead PSO
		Ongoing contract and performance management	Designated Lead PSO or all PSO's
		Adopted Third Sector Commissioning Framework followed where appropriate	
Individual Arrangement using Adopted Third Sector Commissioning Framework	2 PSO's Two new contracts replacing 3 existing contracts	Follow procedure within Third Sector Commissioning Framework for services over £35,000 (indicative amount to be agreed).	PSO
		Adopted Third Sector Commissioning Framework followed where appropriate	
Do Nothing	2 PSO's Retain 4 existing contracts	Maintain current position for funding and managing the service	PSO
		Own existing procedures followed	

It is recommended that where a number of organisations wish to commission broadly similar services the aligned budget model is used. The Stand Alone Partnership Arrangements would be better utilised where there are only a small number of PSO's wishing to commission, for lower value commissions and where new services are being commissioned.

Table 2: Shared Commissioning Options - Advantages and Disadvantages

Options	Advantages	Disadvantages
<p>Option 1 – Aligned Budgets with Lead Commissioner</p>	<p>Allows individual PSO's to determine their own priorities based upon the needs of their communities.</p> <p>Ability to focus on Staffordshire (countywide) and Stoke on Trent priorities collectively</p> <p>Shared process should reduce commissioning costs to deliver a ROI</p> <p>Effective and efficient management of commissioning/procurement and contract/performance management</p> <p>Allows individual PSO's to retain control of budget allocations</p> <p>Allows partnership arrangements to be built and trust established to provide the basis for a pooled budget approach in the future, if required.</p> <p>Enables better information sharing between partners through a co-ordinated approach</p>	<p>May be more difficult to commission against outcomes due to individual PSO's prescribing different delivery requirements</p>
<p>Option 2 – Stand Alone Partnership Arrangements with adopted Commissioning Framework</p>	<p>Simple to set up.</p> <p>Existing examples of this in practice locally.</p> <p>Allows individual PSO's to retain control of budget allocations</p>	<p>It is unlikely that more than 3 organisations will partner due to the logistics of agreeing arrangements. This will impact upon ROI and is therefore unlikely to deliver great efficiencies or economies of scale</p>

	<p>Allows individual PSO's to determine their own priorities based upon the needs of their communities.</p> <p>Ability to focus on a smaller geographical area.</p>	<p>Possibility that officers in individual organisations will not seek to enter into arrangements with other organisations due to historic working practices or fear that it could increase workload.</p> <p>If arrangements are entered into sporadically and not embedded into organisational policy success could be dependent on individuals in organisations which could create problems if staff leave.</p> <p>May not have an understanding of other organisations commissioning requirements/contracts and therefore partnering may be more difficult.</p> <p>Contract end dates vary amongst organisations so can be difficult to marry up contracting arrangements. It may be more appropriate for commissioning new services</p> <p>Poor information sharing as no coordinated approach</p>
<p>Option 3 – Do Nothing</p>	<p>No change required.</p>	<p>Many existing processes are not equitable and transparent and do not comply with good practice.</p> <p>No efficiencies or economies of scale will be realised.</p> <p>In this time of economic austerity organisations are having to examine their funding arrangements. Many existing arrangements are historical and may no longer be appropriate or fit with the organisation's priorities. Services should be commissioned on need and in many places this has not been considered.</p>

		<p>Many organisations recognise that the rolling of contracts has to stop and that services need to be reviewed and commissioned openly based on need. Individual organisations will need to invest time in doing this irrespective of the TSCiP programme and may not have the resource to do this internally.</p>
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Table 3: Third Sector Commissioning Framework – For Individual Commissions Advantages and Disadvantages

Options	Advantages	Disadvantages
Third Sector Commissioning Framework	<p>Provides a transparent and equitable approach to funding the third sector</p> <p>Will provide a framework to assist in partnership arrangements when using the Stand Alone approach</p> <p>Ensures a minimum standard for commissioning is in place</p> <p>Will enable better accountability in the delivery of services</p> <p>May reduce service costs or improve service quality</p>	<p>May be more resource intensive than the existing process</p>

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS

VCS Commissioning Framework

Commissioning Board minutes

TSCiP Board papers