



Managing Inclusion Briefing 14

Meaningful Occupations

Summary

Procurement describes an entire set of processes and decision making levels: The entire process surrounding from identifying a need and a method of obtaining it, tendering or other method of purchasing, contract award and on-going contract management.

Procurement may also take into account issues such as:

- Sustainability
- Environmental impact
- Local financial impact
- Whole life costing

Therefore there are 3 key elements to procurement:

- Commissioning – Deciding what to buy
- Purchasing – Deciding how to buy
- Contract management – Ensuring what you bought is delivered

Much of the best practice and expertise is to be found in the private sector and there is still a long way to go in terms of knowledge, culture change and relationship management in buying social care, support and advice services.

This guide is aimed at voluntary sector providers of services and is intended to be a quick and easy guide to the terminology and processes around current public sector procurement. Particular reference has been made to the Supporting People programme and the Health & Social Care White Paper.

Procurement is an area of public sector activity which is exploding with new practice and documents. This guide also signposts to some of the key and most important background documents. (See resources section).



1 Part 1 - Commissioning

Commissioning is the process of deciding what services or goods are required to meet a previously identified need balancing this need against budgetary restrictions and competing priorities. This is often described as the 'commissioning process'. Commissioners in deciding on what services are needed are recommended to seek expert advice from service users and providers: The Supporting People programme is an example of where this could be implemented and it is likely following the national consultation exercise there will be increasing pressure on Commissioning Bodies to get this right. Commissioners will be guided by their strategic priorities in delivering services so the relevant Strategy is the first place the service provider should look at in developing a sound business plan.

Joint commissioning

This occurs where two sets of commissioners pool their finances against a shared objective and one service is jointly commissioned.

Parallel commissioning

Parallel commissioning is where two commissioners each separately commission a service and each benefit from the other commissioners' investment. The case study below illustrates this.

Local area agreements and commissioning

Local Area Agreements are a new arrangement where local commissioners work together to achieve national outcomes at a local level. These can work to commission services through two mechanisms:

- Pooled budgets
- Aligned budgets

Or, alternatively shared objectives can be delivered via joint or parallel commissioning.

Using an 'outcomes focussed' approach

In the past and present Commissioners tend to be prescriptive in delivering their strategic objectives and often set out very detailed service descriptions and targets. The future will see a more outcomes led approach where the Commissioners decide on the outcomes that they want providers to deliver which will allow for greater innovation in service design from providers.

To illustrate how this might work:

Outcome	Activity	Indicators
Reduce repeat homelessness in Ipswich.	<p>Bid 1 – Provide floating support to people entering new tenancy from hostel accommodation.</p> <p>Bid 2 – Provide series of training events on Money and Banking for hostel residents in the Ipswich area. Advice point and telephone advice available 9-5 Monday to Wednesday.</p> <p>Bid 3 – Ongoing resettlement support and training package from consortium of hostel providers in Ipswich.</p>	Reduction of 25% of repeat homelessness presentations at Ipswich Borough Council.

Market management

This is a term which has been used a great deal by the ODPM and local authorities in looking at commissioning and procurement. It is about looking at a wider economic principle in buying services. Principally, it has been used in terms of cost reduction and increased competition in order to develop reduced cost but in fact, this is a huge oversimplification of the economics in social care delivery. Pure free market economics provide only short-term benefit as implementation can be devastating to the market place and cause monopoly suppliers which will in the medium term push price up again. Therefore, effective market management would include ensuring a diversity of supply (to prevent supplier dominance) which will manage price for the longer term. Fundamentally, free market economic principles translate very badly for buying services that communities 'need' rather than 'want'. Impact assessment tools can be very useful in balancing the requirement for changing service provision and managing the longer term and wider risks of doing so. Such a tool has already been used by the NHS and subsequently by the voluntary sector providers of floating support services in Norfolk in 2005 under the Space East umbrella.

Value Improvement – This means looking for savings and/or efficiencies either by different ways of commissioning services, review of contract costs, expansion of value by the provider. What happens with savings found depends on the budgetary position of the commissioners and the priorities for the services (strategic relevance).

Providers can be proactive in looking at costs of delivery against price paid on different contracts: Benchmarking with other providers is a good way of analysing costs. The SITRA/ NHF (National Housing Federation) tool on benchmarking is a really useful and easy way of doing this. Another way of providing improved value is to establish service delivery partnerships with other providers.

2 Part two – procurement

Procurement is the 'process' by which a supplier will be eventually selected. There are rules around how public sector organisations can procure services which are often quoted. The truth is though that when they are buying services for vulnerable people – social care, these rules have a great deal of flexibility in regard to the European rules and when services are very specialist. Each organisation will have their own corporate policies on procurement which provide rules and a framework for working within. In some cases, it can feel like the 'tail is wagging the dog' and it should be remembered that procurement processes should follow the needs and requirements of the Commissioners. Also, the Government, the ODPM in particular, has been absolutely clear that these processes should not be implemented in such a way that smaller VCS providers are excluded from participating or unfairly discriminated against.

Pre-qualification questionnaires (PQOs)

This is a basic checklist of legal must-haves in order to qualify for the contract. These will include items that any charity who has applied for any funding will be familiar with: Insurance levels, Health & Safety, financial controls, governance, Equal Opportunities.

Stakeholder questionnaires

These will not always be used in procurement processes

but are a really valuable tool as they involve asking organisations and individuals about an organisation's track record, communication and culture. For a provider of a hostel service for example a questionnaire might be sent out to the Local Authority Housing Dept. and social services. They would be asked about well you communicate, how you work in practice and about the quality of your reporting.

Invitation to tender: An advertisement of the scope of the contract on offer.

Open tenders, advertised nationally, could include EU

Closed tenders, applications invited from either a standing list or a one-off list.

3 Negotiated contracts

There are certain extremely limited situations where the Public Procurement Regulations allow the Council to use the negotiated procedure. The situations where the Regulations allow the negotiated procedure to be used vary according to whether it is a contract for Works, Supplies or Services.

3 Part three – Contract management

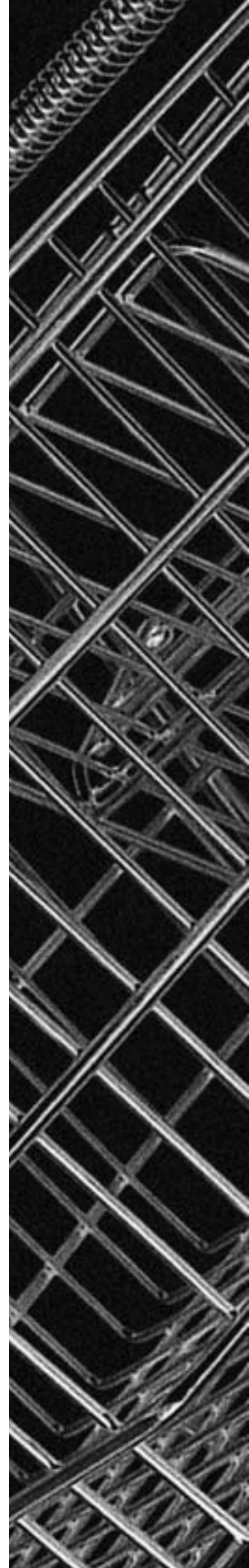
Outputs – This means the actions taken by the service provider in delivering the contract. For example, opening an advice service which provides 15 appointments per day with 3 full time staff. These outputs will tend to have numerical values which have targets attached to them which the contractor will report on.

Outcomes – This is a much more flexible contract for both the commissioner and the provider if it is based on measurement of outcomes. This is because the provider can adjust the service delivery daily if they want to in order to meet the outcomes therefore providing more scope for innovation and flexibility in delivery. It has the benefit for the commissioners of showing what has been achieved in terms of prevention and more opportunity for negotiation on mode of delivery during the life of the contract.

Reporting – This is something which most providers are already good at. A note to say ensure that you report unexpected outcomes as well as those which were in the contract delivery mode. These outcomes illustrate the added value for money which a more flexible approach allows.

Steering Group/ Stakeholder group – In some circumstances a wider stakeholder group will be interested in the work of the contract and will welcome the opportunity to meet on a quarterly or bi-annual basis. This group is a really useful resource for the good provider and should be seen as a positive for the service delivery. Remember – the more people who know about what you achieve, the more people will be pro-active in campaigning for the continuation of the service.

Relationship management – This is an aspect which providers and commissioners need to work hard on in general. The private sector are way ahead and we should look to learn from this. The commissioners often take a carrot and stick approach and, providers often take a defensive approach to these relationships. Ideally, both need to mature these relationships to create one of more mutuality and trust. The difficulty in social care and Supporting People is the continual flux that the programmes are in and the turnover of staff in both commissioning organisations and provider organisations (although providers to a lesser extent) which makes it hard to develop useful relationships.



Formerly VHG, is made up of more than sixty member organisations, the majority being registered charities. Most provide accommodation for single homeless people, people recovering from mental illness, women needing emergency accommodation, ex-offenders, people abusing drugs and alcohol and young people leaving care. Some provide temporary or emergency accommodation while others provide long-term supported housing. Others provide services such as housing aid, resettlement, day centre facilities or practical help for vulnerable people needing support.

The voluntary sector attempts to fill gaps left by statutory provision in the accommodation and resettlement fields and this input is recognised as essential by Probation, Social Services, and Health Services as well as Housing Authorities.

Space-East is a regional membership body for organisations providing support services and accommodation working in East Anglia.

We work with members to: Influence policy at a local and national level, provide up to date information, training, advice and advocacy, disseminate good practice, facilitate networking/ partnerships, Assist to identify and access sources of funding, Co-ordinate programmes of research and development & Promote Equality

www.space-east.org

Websites

IDeA – www.idea-knowledge.gov.uk

OGC – www.ogc.gov.uk

Active Communities Unit – <http://communities.homeoffice.gov.uk/>

The ODPM – Office of the Deputy Prime Minister www.odpm.gov.uk

SITRA – www.sitra.org.uk

NHF (National Housing Federation) – www.housing.org.uk

Publications

National Procurement Strategy

PDF versions can be downloaded from the ODPM website in the Local Government section
<http://www.odpm.gov.uk/index.asp?id=1136722>

'Think Smart ...think voluntary'

OGC guidance on procurement and the voluntary sector:

http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/procurement/vfm_voluntary_sector.pdf

'Local Area Agreements Guidance'

This publication is available free of charge from ODPM Publications, PO Box 236, Wetherby LS23 7NB. Tel: 0870 1226 236, Fax: 0870 1226 237, Textphone: 0870 1207 405, Email: odpm@twoten.press.net. Or by PDF download from www.odpm.gov.uk

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