

# Commissioning Children's Services and the role of the Voluntary and Community Sector

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## Acknowledgements

This paper aims to address the complex topic of commissioning services for children, young people and families (hereafter referred to as 'children's services'), with particular reference to the role of the voluntary and community sector. Its genesis was a discussion about changes in the commissioning and contracting of children's services that took place at a meeting of the voluntary sector Connaught Group in spring 2004.<sup>1</sup> Further discussions with the Local Government Association (LGA), the Improvement and Development Agency (IDeA), the National Council of Voluntary Child Care Organisations (NCVCCO) and NCH led to the suggestion that a joint paper on the role of the voluntary and community sectors in the commissioning of children's services would be valuable, particularly in view of the changes envisaged in the Children Act 2004 and Every Child Matters. We hope the paper will be of particular value to those working with children, young people and families who have so far had only limited experience of 'commissioning' and what it entails.

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<sup>1</sup> The Connaught Group is a group of middle sized voluntary sector organisations which work collaboratively to provide services for children, young people and families. Members are the Boys and Girls Welfare Society, Break, the Buttle Trust, the Catholic Children's Society, Coram Family, Family Service Units, Fostering Network, Parents For Children, Rainer, St Christopher's Fellowship, St Michaels, Shaftsbury and Arethusa, Spurgeons Childcare and Voice for the Child in Care.

## Introduction

The Laming Inquiry, followed by the publication of Every Child Matters, heralded the start of a debate that would bring about the most significant changes to the provision of Children's Services for a generation. Two key aims of the reforms are to achieve improved outcomes for all children, including those who are vulnerable or who need extra support, and to ensure children are at the centre of all decisions. All children's services will work to the same set of outcomes, underpinned by an integrated approach across inspectorates. This will inevitably necessitate cultural change, with the goal of integrated and seamless working among professionals in all agencies delivering health, education and social care, among others.

Although Every Child Matters and the Children Act 2004 clearly mark a watershed in thinking about the provision of services to children, earlier separate but related developments have combined to influence their direction, structures and underlying philosophies.

The Comprehensive Spending Review of 1998 asked whether "the multiple causes of social exclusion affecting young people could be more effectively tackled at the family and community level by using a more integrated approach to service provision". The subsequent introduction of the Sure Start and Children's Fund programmes seeking to achieve better outcomes for children, parents and communities through partnership working, can be seen as pilots for future developments.

Many of these partnerships bring together groups that have previously worked in silos and part of their role has been to mainstream the reshaped services in their areas.

In addition, for over ten years, the voluntary and community sector's role as a provider of services in children's social care markets has expanded in both scale and scope.

This increased level of partnership was recognised by the Compact agreed between the government and the entire voluntary and community sector in 1998. Designed to improve the relationship for mutual advantage, it was augmented by local compacts, which now cover 92% of local authorities.

Every Child Matters: Next Steps makes clear the strength of the government's commitment to the full involvement of the voluntary and community sector in this process of the reform of children's services, as well as the removal of barriers to their participation in service delivery and planning. Working in partnership with sector representatives, the government has set out its intention to develop a strategy for working with the voluntary and community sectors that will cover:

- the role of the voluntary and community sector in assessing needs, developing local strategies, commissioning, service delivery and local scrutiny procedures
- funding and support for the local infrastructure bodies to build the capacity of the sector and ensure their diverse interests can be represented effectively in strategy development
- commissioning arrangements which enable the voluntary and community sectors to participate on a level playing field
- the adoption of the principle of full cost recovery
- arrangements to ensure that the role of the voluntary sector as an independent voice for children, young people and families is not compromised by closer integration<sup>2</sup>

All these elements are involved in the commissioning of effective services and there are already existing examples of good practice. During the past few years, new models of working in national and local initiatives have illustrated not only the effectiveness of integrated working but also the compelling need to bridge the internal divisions that monolithic health, education and social services agencies can inadvertently perpetuate.

If we are to have services that adapt to needs, talents and circumstances and result in better outcomes there must be change across the system. Professionals in education, health and social care will be encouraged to develop approaches in which public money can be seen to be invested for the benefit of children and young people. This will inevitably lead to an increased culture of commissioning and contracting.

Different professionals will bring different levels of expertise, experience and points of view to the commissioning process. The term 'commissioning' is a broad one and will not be used in the same way by all professionals. In addition, some will have had extensive experience of working with the voluntary and community sector, while others will have had only limited contact.

This diversity of experience can be healthy and beneficial but it is crucial that in the new children's services, efforts should be focussed on developing a new vision with a clear set of intended outcomes, rather than attempting to master lessons already learnt by pilot projects and other initiatives.

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<sup>2</sup> This Strategy for working with the Voluntary and Community Sector is expected to be published by the government in late 2004. When it is it will be made available on the website of the Department for Education and Skills [www.defs.gov.uk](http://www.defs.gov.uk)

This document seeks to bring together core principles and challenges, as well as evidence of good practice. We hope it will help professionals in all sectors to share a common understanding of commissioning and the role that the voluntary sector plays at the moment and has the potential to play in the future, as we progress our shared goal of improving children's outcomes.

## Commissioning

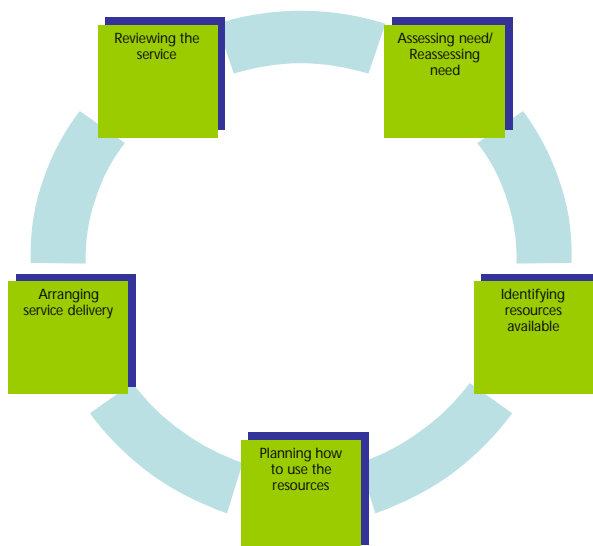
Commissioning has been succinctly defined as “working out what you want to buy from whom” .

While this is accurate, it fails to convey the essence of effective commissioning as a cyclical activity rather than just a purchasing decision. With its emphasis on purchasing, it fails to address the analytical and collaborative elements of commissioning or the complexities of contracts and of working in partnership.

It emphasises procurement at the expense of partnership, and is therefore wholly inadequate to describe the complex and strategic nature of effective commissioning in children’s services.

A more accurate definition might be the one outlined in *From Vision to Reality Transforming Outcomes for Children and Families*: “the whole process of assessing need, identifying resources available, planning how to use the resources, arranging service delivery, and the reviewing of the service and reassessment of need”<sup>3</sup>. The same paper goes on to say that “commissioning creates the levers for service change” and that integrated commissioning will bring “innovation, value for money and improved service that cut waste and duplication”<sup>4</sup>.

Commissioning then, is best seen as a recurring process of continuous monitoring, evaluation and improvement to ensure the best possible outcomes for children, young people and their families.



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<sup>3</sup> *From Vision to Reality: Transforming Outcomes for Children and Families*, p12

<sup>4</sup> *Ibid*, p13

This definition can encompass all types of commissioning, from macro-commissioning (the process of meeting needs at a strategic level for whole groups of service users and/or whole populations), to micro-commissioning (the process of meeting needs at an individual level).

It is equally applicable to internal commissioning, for example where a local authority purchases services from itself, or external commissioning, where it asks another statutory agency, voluntary organisation or private provider to deliver services on its behalf.

Joint commissioning is where two or more agencies within the same geographical area (e.g. health and social care) pool their resources to implement a common strategy to provide services.

Section 31 of the Health Act 1999 gives any NHS body and local authorities the flexibility to respond effectively to improve services by merging financial resources (known as pooled budgets), to resolve some of the difficulties faced by service users and to increase the quality of services. This increased flexibility has already begun to make a significant difference to the lives of children, young people and their families.

Local authorities can also collaborate across geographical boundaries. Known as collaborative commissioning, this can be a particularly effective response to the need for specialist services with limited and variable demand, such as respite care for disabled children and their families.

## The Role of the Voluntary and Community Sector

To those familiar with the voluntary and community sector the emphasis on its role in the transformational change across local services is understandable. Others, less familiar with the work, may lack clarity about its definition, role and function.

Briefly, the voluntary and community sector comprises self governing non profit making organisations that exist outside of statutory services to serve a public benefit. These can be national, regional or community based and their work may include delivering services, facilitating change and/or advocacy on behalf of the groups they represent. They play a significant role in the provision of services, with members of NCVCCO (National Council of Voluntary Child Care Organisations) investing over £500 million into direct child care services every year. Their added value to the social, cultural, economic and political life of the nation is impossible to calculate, but certainly significant.

The term 'community sector' is often used to describe relatively small, local organisations linked closely to their neighbourhood. Many will have no or few paid workers and they may not have either the financial or human resources to network with other agencies or to produce complex monitoring or evaluation reports. They often are, however, extremely effective at engaging with local people. Community organisations that draw their members and existence from the needs of black and minority ethnic communities will often be best able to access members of that community.

Any effective commissioning strategy must create an environment that allows the community sector to thrive, without compromising its unique role. Some members of the sector may choose to have no involvement (whether formal or informal) with the provision of Children's Services and that is their right. It is in the interests of all, however, that those who do choose to be involved are able to do so 'on a level playing field', as the government has recognised.

Even once an allowance has been made for the different sizes of organisations within the voluntary and community sector in children's services it is important to recognise that the sector is not homogenous. The term 'voluntary and community sector' has been used throughout, in part to replicate the language of Every Child Matters and Every Child Matters: Next Steps.

However, while describing the two as a single 'sector' emphasises the areas of commonality it does not address the very real differences in size, scope and structure. It would be more accurate to refer to the 'voluntary and community sectors' and an understanding of the differences between the two sectors is critical in developing different strategies for involvement.

Organisations work across different ages, abilities and client groups. Some may focus only on children with a specific disability; others may have a much broader

range e.g. 'families' or 'vulnerable children'. Each will have different historic reasons for existing, organisational structures, funding streams and capacities.

Understanding and making appropriate responses to the diversity that exists within the voluntary and community sector is critical to the successful outcomes that Every Child Matters seeks to achieve.

The voluntary and community sector often works in partnership with, but is independent of, the statutory sector and can operate with fewer political constraints. This independence brings both strengths and challenges. On the one hand, it allows the sector to be farseeing and innovative, flexible and lacking in bureaucracy, often spotting trends and need before they have been statistically identified. Its services are often perceived by service users as being non-stigmatising and it therefore often finds it easier to reach the most vulnerable children and young people.

On the other hand, only portions of its work may be complementary to statutory needs and requirements and some elements of the sector are poorly resourced and may be lacking in infrastructure. These imbalances of power and resources can sometimes adversely affect partnership arrangements.

Although, unlike statutory services, the sector will generally not be able to contribute to pooled budgets, it brings a wealth of expertise and the ability to make a unique contribution to pooled resources by:

- reaching the wider community
- identifying unmet need
- involving service users
- developing innovative practice

Added value can also be contributed in many ways, for example, through the voluntary and community sector's ability to use volunteers and alternative sources of funding to enhance the provision of statutory services. Often, the sector can act as a 'broker', bringing together a range of partners' knowledge and expertise to bring about user-centred, responsive services.

The voluntary and community sector has a wide experience of working across professional boundaries. It often draws its workforce from a wide range of disciplines. Because much of its work grows organically through identified need, it has experience of working in health, social care and education. Many Sure Start and Children's Fund Programmes are led by voluntary groups.

It is underpinned by values of equality and diversity and children's rights: qualities valued and shared by partners in health, education and social services.

It has considerable expertise in working with hard to reach and marginalised groups, i.e., those whose financial, personal and societal positions would normally prevent them from accessing services

Working outside the constraints imposed by statutory requirements, it can often find it easier to overcome mistrust and be innovative in its delivery. Particularly important in the context of the Children Act 2004, it has an understanding of how families can use their own resources to improve outcomes when they are given appropriate support.

## Commissioning and the Voluntary Sector

The Children Act 2004 will require local authorities to make partnership arrangements with a wide range of partners to improve the well being of children. One or more places should be reserved for representatives from a Local Voluntary Forum as well as one or more places for representatives of voluntary organisations that already deliver significant services. The Act deliberately does not give a name to those partnerships to allow maximum flexibility for local authorities to find local solutions.

These new partnerships may be based on Children and Young People's Strategic Partnerships, they may be Children's Trusts or they may be based on entirely new structural arrangements; this is a decision to be taken locally.

Whatever the decision is, these new structures will be responsible for overseeing arrangements for agencies to work together in the commissioning, delivery and integration of services. Every Child Matters: Next Steps states that "their primary purpose is to secure integrated commissioning leading to a more integrated service delivery and better outcomes for children and young people" and that they will be formed "through the pooling of budgets and resources".<sup>5</sup>

Some service delivery will require a full commissioning cycle with formal competitive tendering; for others, the principles that underpin commissioning can be extracted, adapted and abbreviated as necessary.

Assessing need requires the commissioning group to have an understanding of the needs and preferences of present and potential future service users and their carers.

Levels of need can be partly determined through quantifiable measures (e.g. educational achievement of young people leaving care, numbers of children diagnosed with ADHD, percentage of mothers breastfeeding) but a qualitative understanding of the needs and preferences of the group requires consultation with service users.

Being consulted about decisions that affect us is an important human right that applies to both children and adults. It also makes good business sense because in consulting with service users and their carers, organisations have direct access to a degree and type of expertise that is not available from professionals. Present service users and their carers know what they want and need, and if there is effective dialogue and consultation they can give informed opinions about the service.

The needs and preferences of future service users should also be taken into account as this will help to shape structural planning and ensure that the potential for

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<sup>5</sup> Every Child Matters: Next Steps, page 17

adaptation to possible changes to delivery patterns is included in the service specification.

It is vital that the consultation and participation of children and their carers in the services that affect them should be meaningful. Avoiding tokenism requires preparation and skill. Individuals may be very knowledgeable about their own needs, but lack understanding of resources and conflicting priorities. In addition, they may need to be made aware of a range of options so that they can give informed feedback.

The voluntary and community sector can help to make this process a success. It has a unique role to play in involving those from the most marginalised and excluded groups. The development of Sure Start programmes (many of which have the voluntary and community sector as lead partners) began with consultation in and with the community. These local programmes have a significant community and parent representation on their Partnership Boards and the voluntary sector has played a big part in helping to empower and enable parents to contribute. This on-going involvement of service users is rightly regarded as one of Sure Start's key strengths.

Rightly or wrongly, the voluntary and community sector is often trusted by people in a way that statutory agencies are not. Both its buildings and organisational structures may be perceived as more local and approachable. At its best, the voluntary and community sector combines this approachability with a thorough understanding of professional boundaries and project management – a powerful combination.

In its publication *Learning to Listen: Core Principles for the Involvement of Children and Young People* the former Children's and Young People's Unit lists twenty eight organisations, all of them voluntary, with considerable experience of work with children and young people's participation.

An additional benefit accrued is that this process can enhance representative democracy as children, young people and their families and carers gain opportunities to voice their opinions and become active members of their communities.

Identifying resources available requires the comprehensive mapping of existing and potential services, budgets and expertise.

Within any community of place or of need there will be a complex network of agencies offering a range of services which may be, in turn, complementary, overlapping or conflicting. Many of these services will be offered by the voluntary and community sector. There may be duplication of some services coupled with gaps in others.

Each service providing organisation may be measuring outcomes differently, aiming at slightly different target audiences, working across different geographical boundaries and/or operating with different value bases. There will be varying levels of financial viability, spare capacity and potential for growth.

Before commissioning a service, it is vital that the commissioning group has a shared and agreed overall picture of the myriad of agencies currently offering services.

It is therefore necessary to map services, measuring not only the quantity, but also the quality of provision available. In other words, the commissioning group must be able to answer the questions "What is available?" as well as "Is it being provided to an appropriate standard?" and "Does it meet the needs of the group for whom it is provided?"

The commissioning group must also determine what financial resources it has available for new or supplementary services.

Only when these questions have been answered can the information be integrated with the results of consultation with service users, to begin to identify and prioritise the filling of gaps in services or the need to develop new services.

Planning how to use the resources available involves consulting with stakeholders to create a vision of how local needs may be better met. It also requires the determination of a clear set of outcomes that will demonstrate that these needs have been met by reference to the new national targets and outcomes that are being developed for all children's services, as well as addressing local concerns and priorities.

Commissioning decisions will be shaped by strategic priorities and many of the desired outcomes will be predetermined by Performance Indicators or Public Service Agreements. However, all outcomes need to be clear, demonstrable and measurable.

Stakeholders have been defined as any person or group within or outside an organisation or service that has an interest in its performance. This is an exceptionally broad definition and the stakeholders in children's services might include, but not be limited to, representatives of agencies (whether private, statutory or voluntary) that are currently delivering a service, faith groups, community and advocacy groups, elected members, officers and children, young people and their families.

Effective commissioning requires a common set of values that respects the diversity of all partners.

The commissioning vision asks “What do we want to achieve?” and the outcomes answer the question “How will we know when we are achieving it?”

The ultimate responsibility for commissioning decisions may rest with one agency or individual within the commissioning group, but that agency or person should be openly held to account by other stakeholders. Stakeholders will vary widely in their ability to influence this process and it is important that all have the opportunity to contribute.

In arranging service delivery the commissioning group decides the best way of meeting those needs/outcomes and commissions the service.

In its broadest sense, this is the point at which the partnership is able to translate its vision of promoting better outcomes into services designed around the needs of children, young people and families.

A variety of commissioning approaches are available, going far beyond stereotypical ‘formal tendering’. However, whichever approach is taken, the process must be clear and transparent and take the meeting of need, and not the existing range of services, as its starting point.

Services must be designed in a way to make them available and thought should be given to ensuring that services are appropriately sited and accessible. Consideration should be given to service equity. Will people in rural areas have the same access at those in urban ones? Does the planned service structure recognise and adapt to different cultures, levels of education and experience?

The service specification must be absolutely clear in specifying the outcomes to be achieved, minimum standards and thresholds for service, while still allowing room for a creative response.

The voluntary and community sector is noted for its innovative approach to meeting need and has a clear role in helping to provide service design options. The safe and effective achievement of outcomes, not the perpetuation of existing structures, should be the priority.

Service specifications should be for an appropriate length of time. They should generally be for no less than three years, and preferably for five years. This is because it is widely agreed that with a three year contract a provider spends the first year setting up and the third year exiting, meaning that the focus on delivering services is for only a year – a huge waste of money and effort. If significant injections of capital funding are required it may be appropriate for contracts to be significantly longer: one voluntary organisation, for example, involved in providing a major disability service for a London authority has a contract for ten years. For larger pieces of work short term contracts are economically inefficient for both the commissioning group and the service provider. Multi-year strategic funding can take

into account the broader aims and needs of the commissioning group and will help to ensure that capacity exists.

The goal of any service specification and subsequent contract should be the consistent delivery of best value services. A positive, cooperative and fertile relationship between the commissioning group and the service provider, which can only be built over time, will facilitate this, as will the practice on the part of the commissioning group of engaging potential providers in discussions about potential specification design.

If the size and scope of the proposed contract warrants it, commissioners should invite providers of services to submit quotations for the cost and manner of fulfilling the service specification. This process, known as tendering, can be formal or informal depending upon the level of service. Extensive guidance on the legalities of the process is contained elsewhere, but whatever the agreed and appropriate process, it must not only be fair, but be seen to be fair. This is particularly important where there is likely to be competition between in-house and external providers.

A tendering system should be designed to encourage expressions of interest from the widest range of providers. Thought should be given as to whether the process inherently discriminates against smaller or black and minority ethnic providers and, if it does, this should be addressed.

Where appropriate, the commissioning group should help to build capacity. This can be done through providing advice and support for smaller organisations through workshops outside the procurement process. The detail and level of information required from tendering organisations should be commensurate with the size of the contract and levels of risk.

Consideration should be given to working with other local commissioning groups to standardise application forms and information required, to reduce the amount of time required to complete tenders.

Prospective tenderers should be made aware of the criteria upon which the tender evaluation will be based as well as the evidence that will be required for each criterion. No activity can be safely undertaken without support costs and the commissioning group should recognise the need for voluntary and community organisation to recover the full management costs of running services.

Tenderers should have sufficient time to prepare and submit all documentation. Forty days is a suggested minimum.<sup>6</sup>

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<sup>6</sup> The CJC Guide to The Commissioning of Social Care, p137

Wherever possible, service users and carers should be involved in the selection, either through visits to the proposed site or attending presentations and question and answer sessions.

Once an approved provider has been selected the contract should be negotiated as expeditiously as possible. If roles and responsibilities were clearly delineated in the service specification, this will be possible. If not, it can cause expensive and protracted delays, resulting in lost opportunities.

Payment arrangements should be included in the contract negotiations. Advance payments may be made where voluntary and community groups are undertaking work, to help avoid an adverse effect on cash flow. Once agreed, payments should be made promptly.

Many voluntary and community organisations do not have in-house legal services and overly complex and demanding contract conditions may deter smaller organisations from taking part, as they may be unwilling or unable to accept the risks without the benefit of expensive external legal advice. A small voluntary organisation, for example, recently reported receiving a contract of fifty pages for work that would total only £2000 a year. Consideration should be given to the development of core standardised clauses in contracts that could be used across local authorities.

Reviewing the service against outcomes and reassessing need is a critical part of the commissioning cycle. All services and contracts should be subject to scheduled monitoring and evaluation. They should then be adapted as new evidence of development and changes in need are recognised.

Services must be regularly reviewed against targets to ensure outcomes are being met. If they are not, the review needs to look closely at why. The initial service specification may not have been appropriate to the needs of service users. The expectation of outcomes to be achieved or the timescales in which this could be done may have been overly ambitious. There is nothing in UK law to prevent commissioners from renegotiating contract terms or specifications and in such circumstances this may be very sensible.

Monitoring and evaluation of services should not duplicate the provider's existing quality assurance programmes or the work of regulatory bodies. It should be proportionate to the size of the contract.

Consideration needs to be given to whether this is a new or a mature service. A new service may not have been given sufficient time to grow while a previously successful service no longer achieving the required outcomes may need to develop and adapt.

In reviewing the service, children and their families should again be consulted. While it is important not to rely upon satisfaction surveys (dependent service users are often reluctant to complain) appropriate consultation can often provide valuable 'soft' information that can help to explain or interpret outcomes.

The voluntary and community sector, with its record of flexibility and adaptability can be helpful in identifying changes and piloting possible new solutions. The results of these pilots can be used to inform future reviews.

It is inevitable that there will be times when decommissioning is necessary, whether because of a provider's inability to offer a service that meets need, because of changing patterns of need or for some other reason.

The voluntary and community sector is committed to ensuring that services are developed around the needs of children and their families and the logical outcome is that services failing to meet these needs should cease. Wherever possible, however, the impact on the provider (which in the case of some small community and voluntary groups can be substantial) should be considered. In these situations an exit strategy appropriate to the circumstances of the provider, as well of course to those of the service users, should be devised.

While the viability of the voluntary and community sector (or an individual organisation within it) is not the responsibility of any commissioning body, review and funding strategies should recognise the potentially devastating and disproportionate effect of decommissioning a service and agreed reasonable notice should be given.

Imagination and the creative use of resources should be used throughout the entire commissioning cycle. Full involvement of the voluntary sector will significantly improve the prospect of delivering successful outcomes for children, young people and families.

## Challenges inherent in commissioning

Making Ends Meet, the Social Services and Audit Commission website for managing money in Social Services, makes the point that all social care markets are imperfect in one way or another. The range of markets that exist in children's services has recently been examined by PricewaterhouseCoopers, on behalf of the government, and a full analytical report is expected to be published soon<sup>7</sup>. Commissioning is a highly complex activity requiring the manipulation and balancing of divergent needs, knowledge and experience within a changing world.

Commissioning provides an excellent structure for the planning and delivery of value for money, needs led services but it is not without impediments.

There are obstacles inherent in the process itself as well as those caused by the different roles and structures of organisations involved.

Effective commissioning also requires an adequate supply of viable providers able to deliver innovative services of an acceptable quality against performance targets.

While these difficulties exist, these are not insurmountable; local authorities, health agencies and the voluntary and community sector are already working together to overcome them in a variety of contexts.

In integrated commissioning, organisations and individuals involved will have had different experiences and expectations of commissioning.

Primary Care Trusts in many areas have already entered into joint arrangements with Social Services and there has been significant support for the process through the National and Primary Care Trust Development Programme. Their principal expertise, however, is in the area of commissioning services from other health trusts and from acute sector providers.

Local authority social services departments, on the other hand, have extensive experience of contracting with a wide variety of partners in a range of services. Family support services, fostering, leaving care and residential care are among the many areas in which social services work with the voluntary and community sector.

In general, schools will have had the least experience of integrated commissioning for direct services but may have significant expertise in commissioning support services from their local education authority or from other providers. Culturally, head teachers are used to directly employing and managing the staff in a school; it is still relatively unusual for schools to have a variety of staff working to different

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<sup>7</sup> On the Department for Education and Skills website [www.dfes.gov.uk](http://www.dfes.gov.uk)

employers on site, thought the government's vision for more extended schools suggests that this may gradually change.

Organisations within the voluntary and community sector may have experience of acting as commissioning agents in Sure Start and Children's Fund programmes, as well as of being commissioned to provide services.

These are all generalisations about organisations and may or may not apply to representatives on an individual commissioning group. To ensure effective commissioning it is imperative that some time is spent by the group to explore and understand the different attitudes that are held and to reach a consensus about expectations of the process.

Stakeholders may not share a common language, leading to alienation, disengagement and confusion and the possible failure to achieve the expected outcomes.

The language of professionals often includes acronyms as well as esoteric and specialist concepts. In some cases these cross professional boundaries, but in many others they do not. An awareness of such potential difficulties, coupled with a plan to address possible confusion, is critical for the success of integrated commissioning. Unless this happens, the commissioning partnership risks losing key members and expertise.

Difficulties can also arise through the use of words that have an agreed non-specialist definition but that may carry specific meanings within a sector. 'Consultation' and 'participation' are often used synonymously, yet have distinct meanings with different nuances in education and social care. The term 'young person' is used by most people and organisations involved in the provision of services for children. For some of them, it will have an age specific meaning while for others it is a general term for adolescents. The term 'family' can be defined in a very narrow or a wider sense, depending upon the person or organisation using it and the context in which it is being applied.

Local commissioning partnerships must ensure that they not only have a shared and agreed understanding of the terms they are using but also that potential providers of services share the same understanding.

A commissioning strategy should be written and agreed by all parties involved.

Effective commissioning requires the participation of a range of organisational stakeholders, some of whom may not have the infrastructure and financial resources to participate fully.

Attending meetings, supplying information on services and need and participating in working parties are all expensive in terms of organisational time. Larger

organisations usually, but not always, have a degree of spare capacity. Medium and smaller size groups often do not.

An inclusive commissioning strategy needs to recognise and make allowances for this by providing support through replacement and travelling costs. It can also ensure that smaller organisations are represented by an appropriate umbrella group.

One representative from the voluntary and community sector can rarely act effectively as a representative for all voluntary and community groups and careful consideration should be given to the balance of representation.

#### Current Practice

As the Lead Partner for the Wakefield Children's Fund, Barnardo's sought to involve the voluntary and community sector in the provision of services for young people aged five to thirteen.

A commissioning framework provided for the Finance and Commissioning subgroup to determine the method of commissioning services based upon criteria which included:

- the knowledge skills and capacity of current partner organisations
- the need and benefits of increasing the capacity of larger voluntary sector provision
- the need and benefits of increasing the capacity of smaller voluntary and community groups

Larger services were commissioned and rated using a balanced score card method but this was considered inappropriate for smaller voluntary and community groups.

Funds were set aside to allow a simplified application process for projects costing up to £35,000. By allowing smaller groups to bid for funding, Wakefield Children's Fund was, in effect, commissioning grass-roots creativity. This enabled the fund to build capacity, promote involvement and test innovative and creative ideas on a small scale.

The needs of the commissioning group are not always economically compatible with the ability of service providers to supply them.

One of the clearest expressions of this is in 'spot purchasing' versus 'block purchasing'. For example, commissioners may find that emergency residential placements are limited, sporadic and difficult to anticipate, and that they would prefer to purchase services only on an 'as needed' basis.

Providers, however, will have fixed costs and will struggle to stay financially viable unless they have a regular and guaranteed income. Even with a guaranteed income, their services may be expandable only within limited parameters. At a certain point, to take more placements will require either an increase in staff and significant incremental costs or a failure to provide a safe and sustainable service.

The voluntary and community sector in particular may not have the economies of scale to permit significant flexibility. Fixed costs for a service may make it financially impossible to accept spot purchasing. One solution is to work across local authority boundaries through collaborative commissioning, with each authority committing some resources to ensure that facilities are available to all. Even that may not be entirely successful, as the viability of the arrangement is only as stable as the partners involved; a decision by only one of the partners to commission differently may make the situation untenable. Care must also be taken to ensure that collaborative commissioning does not produce cartels that can drive down prices, with the result that the quality is compromised and innovation discouraged.

#### Current Practice

The Derbyshire and Derby City Young Carers project is jointly commissioned from NCH by two local authorities working with local Primary Care Trusts. Its aim is to support young people under the age of eighteen who have caring responsibilities which impact significantly on their lives, making them 'children in need' within the meaning of the Children Act 1989. Management costs to the purchasers are reduced through the sharing of a single management system. There is a shared contract but contribution and service levels are specified for each partner.

Contract review and renewal involves all partners. The contract with Derby City has been re-negotiated without the necessity of competitive tender following Committee authorised exception. Derbyshire County Council has a policy of periodically market testing services through open tender but is also seeking Committee authorised exception on the basis that service value is proven and the process may have a serious negative impact for everyone involved, particularly for the service users.

Commissioning can be cost driven and does not always allow for the recovery of full costs.

Commissioning aims to deliver needs-led value for money services.

Decisions should never be based on cost alone and should include the recovery of legitimate and necessary organisational costs (e.g. performance management, operational support, insurance, staff training), without which the individual service could not be delivered.

In its 2002 cross cutting review, the Treasury recommended that commissioning groups should ensure that the price of contracts reflects the full cost of the service, including the legitimate portion of overhead costs.

Best Value services require a balance between cost and quality. Although local authorities have a duty to look for efficiency savings, this should not be at the expense of service quality. Contracts which arbitrarily cap year-on-year increases at the rate of inflation fail to take incremental salary costs into consideration and may lead to destabilisation of the service.

Some organisations in the voluntary and community sector have become quite sophisticated in the calculation and allocation of so-called 'true costs', while the accounting methods of the statutory sector may make it more difficult to determine and apportion some 'invisible' support costs e.g., legal, human resources, etc.

Some are concerned that the increased involvement of the voluntary and community sector in the design and development of services will compromise its advocacy role.

There is some concern that if the voluntary and community sector is involved in all aspects of the design, development and delivery of services that it will lose its independence and value base.

The voluntary and community has delivered services for many years as a 'critical friend' of the statutory sector and there is no evidence to suggest it will be unable to continue in this role.

Indeed, commissioning practice that consistently delivers positive and personalised outcomes for children only flows from strong relationships in which the needs of the children are genuinely central, with each party having sufficient understanding and due regard for the place and requirements of the other.

#### Current Practice

When large budget cuts threatened the work of Children's Funds across England in 2004, the voluntary and community sector lobbied the government to ensure that there was minimal disruption to services to vulnerable young people.

This resulted in an additional £20 million, plus a contingency fund to bridge the gap and reduced the planned 15% cut in 2004/5 to approximately 5%.

Commissioning is time intensive and can appear to cause delays in the delivery of services.

Effective commissioning is a cyclical process and demands an investment in time that is heavily front-loaded. Both Sure Start and Children's Fund Programmes illustrate the difficulties of reshaping services to support need, even under optimum conditions. Although there is no statistical information available managers estimate the time from the commencement of commissioning to providing a new service is approximately eighteen months.

In addition, the commissioning of services does not occur in a vacuum. Commissioning groups' priorities may change as a result of political realignments and this can have an impact on the design, development and delivery of services. Even the replacement of a key individual within the group can have a substantial impact on the commissioning process, with delays of three to six months not uncommon.

Services are often being designed around changing performance indicators and different audit and inspection regimes, further delaying the process. The new integrated approach to the inspection of children's services may bring about some improvement, but inspection frameworks and performance indicators will never be static.

In some cases, commissioners attempt to improve response time by setting unrealistic timescales for the tender, but then fail to respond promptly themselves. One voluntary organisation cites an experience of attending an information meeting in the third week of December with an expectation that a bid would be produced by 9 January. They were subsequently invited to give a presentation, but more than eight months after the submission of the bid they had still not received formal notice of whether they had been successful.

There is a tension between providing the nearly perfect service at some point in the future and providing something that is 'good enough' more quickly.

In the case of commissioning for individuals, the need is often urgent and must be addressed quickly. The danger here is that without effective commissioning, there is a risk that what is provided is what is available rather than what is needed. As one Social Services manager commented about residential placements. "It's a bit like putting the square peg in the round hole. You've found a place for it, but you've had to knock the edges off in the process. You may not like doing it, but if all you have are round holes, you don't have much of a choice."

Effective commissioning requires a combination of strategic vision and tactical knowledge that may not always be available within a Strategic Commissioning Partnership.

Those on the commissioning group must be senior enough to be able to take an overview and commit resources, but they must also understand practice.

Effective commissioning requires access to essential management information and a level of trust must be established not only among the members of the partnership, but also their agencies, so that it can be released.

Every Child Matters: Next Steps acknowledges that some services will need to be commissioned at a strategic level, while others may be devolved down to smaller areas.

#### Current Practice

Tower Hamlets Children's Trust has produced an excellent document called Commissioning Principles and Framework 2004-2006. It clearly identifies and defines three levels of commissioning (strategic, operational and individual).

The strategic commissioning of vulnerable children's services links with the planning frameworks of the PCT and the Local Authority. It is led through the Local Strategic Partnership and Community Plan approach.

A Children's Specialist Commissioning Unit utilises the Health Act flexibilities under Section 31 and integrates the operational procurement and development of services.

Individual packages of care and education are also commissioned by the unit, including services to disabled children, children in care and children in need of protection.

Commissioning is a complex skill requiring knowledge of different disciplines, their languages and priorities, as well as some understanding of financial and legal requirements.

The post of commissioning manager is a relatively recent one, dating from the community care reforms of 1990. The role has developed and expanded since then. These posts do not follow the career progression of traditional line management structures and some commissioning managers have been recruited and are supervised by line managers with little knowledge of the skills required.

Sure Start programmes depend heavily on the successful commissioning and contracting of services for their success, yet many Programme Managers were appointed without any expectation that they would have experience of commissioning services. The manager of a very successful Sure Start programme comments,

"One of the tasks identified in my appraisal was to commission a service for Health Visitors. I remember thinking 'How do I do that?' and feeling that to keep the Partnership Board's confidence it was important that I looked as though I knew

what I was doing. I learned by trial and error, but it would have been helpful to have had more support.”

Every Child Matters: Next Steps acknowledges the need for workforce reform and for the establishment of a Sector Skills Council for Children and Young People. Work is being undertaken on a Commissioning and Contracting module within the common core training for professionals working with children.

The role of specialist commissioning and contracting staff should be to support experienced and knowledgeable practitioners in the development of child-centred services. Their aim should be to help to support compliance with legislation and probity without obstructing creative and positive relationships.

Commissioning officers should be specifically trained and be of relative seniority. They should be encouraged to share continuous good practice learning across authorities and professional boundaries.

#### Current Practice

Skills For Health has developed Drug and Alcohol National Occupational Standards that include four units on commissioning. These were developed for the commissioning managers in the Drug and Alcohol Teams and cover four key areas:

- Research the needs of the local population
- Develop and review strategies and plans to meet local needs for substance misuse services
- Promote the development of substance misuse services
- Draw up specifications for substance misuse services

Based upon these units, the National Treatment Agency (NTA) has developed competency based learning modules which are available at [www.nta.gov.uk](http://www.nta.gov.uk).

These can be used and adapted by any trainer.

The constant reassessment and decommissioning of services can actually make them less stable, more expensive and therefore cause inefficiencies.

Encouraging innovation and seeking best value can lead to what may be seen by providers of services as a culture of permanent instability. Contracts need to be long enough to allow staff to be recruited and trained, and a service to be developed. The appropriate length of any contract will depend on the range and complexity of the service being offered. Start-up and potential decommissioning costs must be accurately calculated and included within the cost of the service.

Within any service, users take time to overcome 'threshold resistance', to begin to develop trust and to participate in the improvement of the service. The costs of change, both financial and human, should not be underestimated. Effective commissioning needs to recognise this by ensuring that the service specification is accurate and by allowing sufficient time to for a service to mature through partnership working.

#### Current Practice

Kent County Council has worked closely with Rainer to develop a Leaving Care Service that delivers agreed outcomes and that responds to need in an innovative way.

In line with the Cipfa guidance which states that there is no reason why contracts cannot be indefinite as to contract periods, the agreement has no time limit but is reviewed annually.

There is a commitment to work together and the assumption is that the contract is renewable; however this is subject to annual reviews of performance, specifications and prices. There is also an acknowledgement that contracts may have to be reviewed to accommodate any unavoidable future budget reductions.

This allows Rainer to invest in the service and expend its energies on service development and on meeting outcomes. Valuable knowledge and skills are retained and young people receive continuity of service.

Commissioning may put a disproportionate share of the risks on the provider.

The balance of power will vary depending upon the resources available, but the commissioning group is often dominant in the relationship and can, inadvertently or otherwise, put a disproportionate share of the risks involved onto the provider. In a mature and functioning partnership there should be a balanced approach to risk management. This requires an awareness of the risks involved.

Risks can be to an organisation's reputation as well as its finances, which in the case of the voluntary and community sector can have a significant negative impact and act as a deterrent to trust and future partnership working. For example, one voluntary organisation reports that it worked in partnership with a local authority to set up a specialist fostering scheme to provide an alternative to secure accommodation. When the original agreement ended, the only way to continue was on a spot purchase basis which required the organisation to subsidise the service. The financial risk was heavily weighted towards the partner least able to bear it, and the service eventually closed.

## Current Practice

Sheffield City Council developed a residential strategy designed to return a number of children from out of city placements and create a mixed economy of care to increase the quality and choice of children's placements within the city.

Their aim was to provide a quality, cost effective needs-driven service that would improve outcomes for young people accommodated in residential care in Sheffield.

The tender document was targeted and specific, but encouraged those tendering to develop innovation in the service specification. One of the possible providers had a substantial record of delivering placements in other areas, but currently had no infrastructure within the city. If Sheffield paid a lump sum for the development phase, they risked spending money with the possibility of seeing only limited outcomes, or possibly no outcomes at all. Instead a price structure was agreed that allowed for initial development costs but payment was made only as placements became operational.

The risks were therefore spread between the commissioners and the providers.

## Checklist For Good Practice in Commissioning

### Before beginning

Ensure that the commissioning group is fully representative of the community of place or of need and that there is representation at an appropriate level from all sectors.

Give thought to how the voluntary and community sector can be an integral part of the process. One or more places on a local partnership should be allocated for representatives from a Local Voluntary Forum to ensure that smaller agencies have a voice. In addition, one or more places should be reserved for local voluntary organisations that are already significant partners in the delivery of services, since these will have useful insights to share from their experience.

Ensure that all members of the commissioning group are aware of the diversity of organisational roles and cultures among them and are able to understand and work within this diversity. Do not underestimate the professional, financial, legal and organisational differences between organisations.

Reach a shared and agreed understanding of commissioning and the commissioning strategy for the group, and document it.

Ensure that adequate financial, human resource and legal support is available to the commissioning group.

### Assessing need

Consult with current and potential future service users. Work with the voluntary and community sector to ensure that consultations are comprehensive and meaningful.

Ensure that all members of the commissioning group have access to essential management information within their own organisations and are able to share it.

Allow sufficient resources to compile and collate the information gathered so that the commissioning group has a comprehensive understanding of present and likely future need.

### Identifying resources available

Comprehensively map all existing and potential services, their spending and expertise.

Think about how this information can be gathered on smaller voluntary and community groups in a way that does not require them to expend significant time and effort.

Outline the barriers to effective service provision and what can be done to overcome them.

Decide whether existing provision is adequate or whether additional providers of services need to be encouraged.

Think about whether existing providers' services can be developed or if it is more appropriate to find another way to source the care that will be needed.

Determine what financial resources will be available for the service, from whom they will come and how long they are likely to be available.

Planning how to use the resources available

Create a positive culture of consultation and learn from stakeholders' knowledge and experience.

Use the voluntary and community sector to ensure that the views of all stakeholders have appropriate representation.

Determine clear, demonstrable and measurable outcomes.

Consider whether these outcomes can best be met by leaving existing services as they are, reshaping them or by commissioning new ones to complement or replace them.

If planning to reshape services, understand that members of the voluntary and community sector will not necessarily want to change or adapt their services unless they see a compelling reason (e.g. improved outcomes for children and families) to do so.

Arranging service delivery

Devise a service specification with clear and specific outcomes but allow maximum flexibility in how the service is to be delivered to ensure innovation and creativity.

Consider doing this, in part, by involving potential providers in early discussions about the service specification.

Carefully assess and allocate risks to the partners best able to manage them.

Decide the length of the proposed contract, commensurate with the size, complexity and costs associated with the work. Three years should be a minimum, with five or ten years more appropriate for complex work.

Outline the commissioning timetable and process in simple, clear and unambiguous language.

Consider working with other commissioning partnerships to standardise some of the core information required, to make it easier for all organisations to respond.

Allow sufficient time for all organisations to respond to any request for tenders.

Ensure that the evaluation process is clear and transparent and communicated to potential providers of the service. Wherever possible, include the scoring system with the commissioning documents.

Wherever possible involve existing service users in site visits, interviews and presentations.

Make and communicate decisions as quickly as possible.

Give prompt and honest feedback to service providers that have not been successful.

Issue contracts to allow the service begin as quickly as possible. Consider working across boundaries to establish a contract that includes standard core clauses to reduce the need for expensive legal advice.

Reviewing the service against outcomes/Reassessing need

Include regular reviews and monitoring against outcomes in the contract and use these to re-evaluate need wherever possible.

Negotiate any possible future development of the service and, where possible, work with the provider to pilot new ways of provision to meet emerging need

Understand the full costs implicit in change of service providers.

## Summary

In its publication *The Substance of Young Needs: Review the Health Advisory Service* described commissioning as 'the hinge that allows services to move in a coordinated way to meet the changing ... needs of the population'.

Effective commissioning is complex and sophisticated; it requires commitment and participation from a range of partners. It will only succeed if all partners are represented and able to contribute fully.

No one organisation has the knowledge and ability to assess need, and to design, develop and monitor services that will allow children and young people to be healthy, stay safe, enjoy, achieve and make a positive contribution.

If resources are to be organised around the needs and aspirations of children and young people, it requires the participation of all agencies, including representatives from the voluntary and community sector, at all stages of the commissioning process.

All parties will need to learn from others' experience and existing best practice.

## Definitions of some of the terms commonly used in commissioning

Block contracts	the service specification and payment are linked to service availability rather than use
Collaborative commissioning	two or agencies (usually local authorities) working across geographic boundaries to commission services
Commissioning	the whole process of assessing need, identifying resources available, planning how to use the resources, arranging service delivery, and the reviewing of service and reassessing of need
Commissioning group	non-statutory, non-executive, cross-sector group that determines a range of service needs and how best to design, purchase and monitor provision to meet them
Community groups	small organisations, many with few or no paid workers, closely linked with local issues, people and projects
Contestability	where appropriate there is a choice of well-qualified providers of particular services
Contract	a binding agreement that is enforceable by law
Grant	financial assistance, not usually linked to specific outcomes, given to an individual or organisation to undertake agreed activities
Joint commissioning	two or more agencies within the same geographic area pooling their resources to implement a common strategy for supplying services
Macro Commissioning	the process of meeting needs at a strategic level for whole groups of service users and/or whole populations
Micro Commissioning	the process of meeting needs at an individual level
Pooled budgets	merging financial resources

Section 31	refers to Section 31 of the Health Act 1999 that gives local authorities and NHS bodies the ability to merge financial resources
Spot purchasing	the service is available but is only purchased when required and only for the time required
Tendering	submission of quotations for the cost and manner of delivering a service
Voluntary and community sector	Self-governing not for profit organisations that exist to serve a public benefit

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