

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**REPORT TO ACTIVE and COHESIVE COMMUNITIES OVERVIEW & SCRUTINY**

**Date: 14 June 2012**

**HEADING:** Public Sector Commissioning in Partnership - Collaborative Commissioning

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**Portfolio:** Resources and Efficiency

**Ward(s) affected:** All

**This is a copy of a report to be submitted for Cabinet approval on 20<sup>th</sup> June 2012. It is being presented to the members of this committee for review in order to allow any comments to be considered and forwarded to cabinet as part of the process.**

**Purpose of the Report**

1. To inform Cabinet of the work and outcomes of the Third Sector Commissioning Framework Project Group.
2. To identify the opportunities (where available) for joining the collaborative approach being adopted as part of the Public Sector Commissioning in Partnership (PSCiP) work, to maximise efficiencies and to jointly commission services with other organisations, ensuring in the process that there is no detrimental effect on the overall service to residents of the Borough in line with service outlines.

**Recommendations**

- That Cabinet agree that Newcastle-under-Lyme Borough Council as part of its commissioning process for 'information and advice' and 'infrastructure support' services join the PSCiP programme.
- That funding approximate to £163,000 of the possible £248,510 commissioning budget in years 2013/14 and 2014/15 be allocated to the PSCiP programme, this sum being paid to Staffordshire County Council who will commission the delivery of the service for the period highlighted.
- That your officers support PSCiP staff in the drafting of service outlines to reflect the needs of residents of the borough in the delivery of an 'information and advice' and 'infrastructure support' service.
- That your officers establish and agree as part of the work suitable reporting on outcomes to ensure delivery of a responsive service for residents of the borough.
- That in delivering the above objectives opportunities, as part of the aggregation of spend and delivery of a collaborative solution delivers savings for the authority.

**Reasons**

The Council commissions a range of contracts with 'Third Sector' (voluntary and community) organisations via the established Third Sector Commissioning Framework (TSCF) it has in place.

Existing contracts will end on the 30<sup>th</sup> June 2012 and whilst a new commissioning process has commenced options (i.e. the award of shorter term contracts) have been included in relative service outlines to offer the Council an opportunity to join the PSCiP programme for the relative services.

Minimum standards established by the Staffordshire Compact - to which Newcastle-under-Lyme Borough Council is a signatory will be delivered as part of the work of the PSCiP team e.g – recommendations of a 12 week commissioning process and stakeholder engagement processes involving commissioners’ providers and end users of the service.

## 1. **Background**

- 1.1 Newcastle-under-Lyme Borough Council launched its Third Sector Commissioning Framework (TSCF) process in December 2008. At this time, a total of eleven contracts were commissioned with Third Sector (voluntary and community) organisations either based or working in the Borough. The majority of the contracts ran for a period of three years, commencing on the 1<sup>st</sup> April 2009.
- 1.2 From the original list of eleven contracts, seven remain ‘live’. These seven will end on 31<sup>st</sup> March 2012. Given the proximity of this date, EMT has approved an extension of these existing contracts for a maximum of three months to in order to comply with Staffordshire Compact requirements relating to the commissioning of services with the Third Sector.
- 1.3 As part of an ongoing member engagement process and as an output from the Scrutiny Brief presented to the Active & Cohesive Communities O & S Committee on 31<sup>st</sup> October 2011, it was decided (by the Committee) to establish a Member Task and Finish Group to examine the Third Sector Commissioning Framework (TSCF).
- 1.4 At the first meeting of the TSCF Working Group on 12<sup>th</sup> December 2011, members reviewed the process undertaken so far in relation to the TSCF. The group also met with the Director of Strategy and Transformation - Assistant Chief Executive from Staffordshire County Council who presented an overview of the Public Sector Commissioning in Partnership (PSCiP, formerly TSCiP) work to date. In addition, an update was received on the proposed TSCF budget, stakeholder engagement observations, update on service outlines and the implications of the tight timescales being faced as part of the process.
- 1.5 A number of queries were raised by members of the TSCF Working Group, each being addressed by officers of the PSCiP programme; these are highlighted in appendix 1.
- 1.6 A range of observations were made by the PSCiP team at the start of the project, these are contained in correspondence dated 14<sup>th</sup> July and 8<sup>th</sup> September 2011 (attached – see Appendices 2 and 3). The contents of which highlight the main areas covered by the PSCiP programme, including the two relevant commissioning areas for the Borough Council that of - Debt Benefits and Consumer Advice (currently being delivered by both CAB and Age UK) and Infrastructure Support (currently - in Newcastle-under-Lyme Borough Council’s case - being delivered by Newcastle Community & Voluntary Services (NCVS)).
- 1.7 As part of the Council’s internal stakeholder engagement process, members and officers highlighted the ongoing need and service development of:
  - The provision of Debt Benefits and Consumer Information & Advice, and
  - Infrastructure Support services.

- 1.8 Meetings have also taken place with a number of external stakeholders/providers, each indicating a commitment to deliver services from within the Borough, albeit clearly indicating the issues faced in identifying and obtaining supportive funding for any ongoing services.
- 1.9 The Medium Term Financial Strategy (MTFS) currently includes ongoing funding for services from the voluntary and community sector – a total of £248,510p.a. being allocated.
- 1.10 The level of funding in the MTFS mirrors that made available in 2011/12 and it is anticipated that such funding will continue for financial years 2013/14 and 2014/15, with officers reviewing such funding with its internal finance team 3 months prior to the financial year end.
- 1.11 Consideration has been made of ongoing budget shortfalls faced by the authority in reviewing the TSCF and whilst the framework recommends mainly three year contracts, during the new commissioning process this will be conditional on a budgetary review indicated above.

## 2. **Issues**

### 2.1 An overview of current contractual issues includes the following: -

- 2.1.1 *Infrastructure support (NCVS)* – a proposal has been put forward previously to Cabinet to offer a one-year contract only for this area of work. This has been proposed in part as a device designed to allow for further consideration of the PSCiP work and the potential opportunity for the Council to be part of the initiative, and also as recognition of the ongoing review of the voluntary sector and support provision throughout Staffordshire. Taking into account these initiatives, a one-year contract would allow further consideration of the role of the CVS and how this might be shaped in the future including consideration of options such as joining with other CVS organisations in the county or reducing the level of service currently provided.
- 2.1.2 *Debt Benefits & Consumer Advice – CAB* – Faced with the impact of the current continuing economic downturn, there remains an ongoing need for the delivery of a Debt, Benefits and Consumer Advice service. CAB throughout the current contract period has dealt with a high level of debt within the borough. Welfare benefits advice remains the largest category of all the current service providers' enquiries. The new service outline for information and advice looks to perspective providers to deliver a collaborative approach as part of the commission inclusive of support relative to age demographic.
- 2.1.3 *Older Peoples Information and Advice Service: AGE UK N. Staffs* - this service has not been without its problems in the past, in that Age UK has asked as part of their previous contract if they could reduce their Newcastle offices opening times to deliver the service. Alternate proposals (e.g. collaborating with partners that deliver similar services within the borough such as CAB), rather than a reduction in opening hours were considered by AGE UK, but this does highlight the issues around supportive funding to deliver the service.
- 2.1.4 *Public Sector Commissioning in Partnership (PSCiP formally TSCiP)* - the first tranche of commissioning as part of the PSCiP will commence with the Third Sector Infrastructure Support project. Timescales indicate initial engagement

with interested parties from the 30<sup>th</sup> April 2012 with contract award/start by 1<sup>st</sup> January 2013. The second tranche (Debt Benefits & Consumer Advice) indicates a contract award/commencement by 1<sup>st</sup> April 2013. If the Borough Council is to join the Programme, it will be required to either enter into provisional shorter term contracts or ensure suitable termination and/or assignment as part of the work undertaken by PSCiP. In examining the Programme and its potential for the Borough Council, consideration will be made of Borough Council service outlines; as well as assessing whether maintenance of some form of budgetary control with a preference to pay quarterly on receipt of performance returns can be retained, as well as seeking to regularly review performance directly with service providers and in general protect the interest of both Newcastle residents and the Borough Council.

### **3. Options Considered**

- 3.1 To commit funding for Third Sector Commissioning from 2012/13 onwards as set out in the MTFs and agree to the provision of existing contracts along the lines established in 2008/9 (this does not allow the Council to examine other delivery options and to introduce an annual review of funding into contractual arrangements).
- 3.2 To commit funding for Third Sector Commissioning from 2012/13 onwards, but to agree to variable contractual arrangements including the provision of ongoing funding reviews three months prior to the year end and different lengths of contract for some areas of commissioning (this option – Recommended, will allow for consideration of other initiatives for Third Sector Commissioning such as PSCiP and will also allow for robust review of funding for these services and potentially hold providers to greater account for delivery than at present).
- 3.3 To not commit funding for Third Sector Commissioning from 2012/13 onwards (this option is – not recommended, as this will have a significant negative impact on the Borough Council and lead to the non-delivery of key Third Sector services).

### **4. Proposals/Next Steps**

- 4.1 That Cabinet agree the recommendations made by officers allowing the Council to review and benefit from the PSCiP programme.
- 4.2 That collaborative procurement/commissioning be considered (where available and as part of the PSCiP) to maximise efficiencies and to jointly commission services with other organisations, where there is no detriment to the overall service to residents of the Borough inclusive of ongoing monitoring and phased payments in line with its service outline.

### **5. Reasons for this Preferred Solution**

Project Benefits in utilising the PSCiP solution – Public Sector:

- 5.1 The programme will identify efficiencies for public sector organisations through the development of shared approaches and backoffice rationalisation including finance, legal, admin, commissioning, procurement and performance management departments. These efficiencies will be significant for larger PSO's in terms of staff resource and may release the equivalent of one or more FTE's.

District Councils and PSO's with smaller investment levels should also see a reduction of staff time currently committed to all elements of the commissioning/grant process although on a smaller scale.

- 5.2 The economies of scale and collective bargaining power of a shared approach will improve value for money e.g. same level of service at a reduced contract value or increased service levels for the same contract value. This will be particularly important in the current climate of budget reductions.
- 5.3 The performance management data will provide evidence to support future strategic planning e.g. identifying groups/areas for differential targeted delivery. It will improve accountability for public sector spend by monitoring providers performance against agreed outputs/outcomes.
- 5.4 Ensures resources follow priorities and that these are allocated in the best possible way to obtain high quality, value for money services.
- 5.5 The commitment to a partnership approach will bring significant benefits including removing duplication of services and sharing expertise and best practice. More than that it will define the commitment to transparency and equity in commissioning and show a readiness to adapt in a changing environment to continue to secure essential services for the people of Staffordshire and Stoke-on-Trent. It will be the first partnership of its kind in the country and consequently is already receiving interest from a number of other authorities.

#### Project Benefits – Third Sector

- 5.6 The programme will create opportunities for backoffice efficiencies for third sector organisations particularly the larger organisations.
- 5.7 It will offer greater stability for many organisations through three year minimum contracts rather than annual grants and rolling contracts.
- 5.8 Shared processes will make it easier and less resource intensive to identify opportunities, complete the application process and the performance management returns required. It could also offer real opportunities to work collaboratively.
- 5.9 It will offer fairness and transparency in the allocation of funding enabling equal access and opportunity to deliver priority services.

#### 6. **Outcomes Linked to Corporate Priorities**

- 6.1 This proposal impacts upon all of Council's Corporate Priorities as services are commissioned to deliver against the corporate priorities.
- 6.2 It will particularly contribute towards Transforming our Council to Achieve Excellence as it will ensure that resources follow priorities and that the Council works in partnership with the Community and Voluntary Sector to provide essential services to improve the quality of life of the Borough's communities
- 6.3 The proposal also supports central Governments political vision as part of 'Big Society' and the sustainability of such, enabling voluntary and community organisations to support and deliver services to the public.

7. **Legal and Statutory Implications**

7.1 There are a number of acts that call upon local authorities to support the prevention of homelessness: -

- *Homelessness Act 2002* - includes the requirement for local authorities to formulate reviews/strategies to tackle and prevent homelessness
- *Housing Act 1996* - duty of the local authority to provide advisory services/assistance to voluntary organisations in respect of homelessness
- *Local Government Act 2000* - general power of well-being

8. **Equality Impact Assessment**

8.1 An Equality Impact Assessment has been completed on the Commissioning Framework. Equality impact assessments will remain a pre-requisite of any service provision offered by voluntary and community sector organisations, and it is anticipated that the PSCiP will continue to offer guidance and support in the submission of equalities information from prospective service providers.

9. **Financial and Resource Implications**

9.1 The TSCF and PSCiP provides a more comprehensive long term approach to third sector funding allocations and commits the Council to supporting the Third Sector through the application and delivery stages with longer term (three year) contracts.

9.2 Newcastle-under-Lyme Borough Council in committing to the programme will be tied into a minimum two year funding requirement for each service.

9.3 This has financial implications as for the identified services a two year commitment is given, however this is in line with government guidance and there is recourse for the Council if the terms of the contract are not met.

9.4 Staffordshire County Council has agreed to fund the commissioning process for the two services identified. Whilst there is some internal resource implications for Council in supporting the development of Service Outlines this is expected to be minimal/proportional to the exercise being undertaken.

10. **Major Risks**

10.1 There is a risk of reputational damage to the Council if it does not deliver on its TSCF commitments and services to the residents of the borough intrinsically linked to information and advice.

10.2 Risks are reviewed as part of the process, it is anticipated that the PSCiP will continue to offer prospective service providers training as part of the commissioning process and identified risks monitored and controlled throughout the length of the contract period between PSCiP officers and Council representatives with the successful service provider.

11. **Key Decision Information**

11.1 This report can be considered key in the following ways: -

- It results in the Borough Council incurring expenditure of an amount which is significant having regard to the Council's budget for the service or function to which the decision relates and;
- To be significant in terms of its affects on communities living or working in an area comprising two or more electoral wards in the Borough

12. **Earlier Cabinet/Committee Resolutions**

12.1 There was an earlier Cabinet resolution to commence the commissioning process.

13. **List of Appendices**

Appendix 1 - (TSCiP) Correspondence dated 14<sup>th</sup> July 2011

Appendix 2 - (TSCiP) Correspondence dated 12<sup>th</sup> August 2011

14. **Background Papers**

14.1 There is no background papers linked to this report.

15. **Management Sign-Off**

15.1 There is no H.R. or ICT implications linked to the delivery of this project/report.

	<b>Signed</b>	<b>Dated</b>
<b>Financial Implications Discussed and Agreed</b>		
<b>Risk Implications Discussed and Agreed</b>		
<b>Legal Implications Discussed and Agreed</b>		
<b>H.R. Implications Discussed and</b>	There are no HR implications	25.05.2012

<b>Agreed</b>	linked to this technical report.	
<b>ICT Implications Discussed and Agreed</b>	There are no ICT implications linked to this technical report.	25.05.2012
<b>Report Agreed by: Executive Director/ Head of Service</b>		