

Commissioning Supporting People Services Through Partnering: A Feasibility Report for Five London Boroughs

The Royal Borough of Kensington & Chelsea

17 April 2008

Services for life

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Executive summary

1. This report sets out the findings of a project investigating the feasibility of applying a partnering approach to commissioning of Supporting People services. The project was commissioned by the Royal Borough of Kensington & Chelsea on behalf of five London boroughs and was funded by the London Centre of Excellence.
2. In addition to forming a general introduction for commissioners to partnering – which has proven to be a successful form of procurement in the public sector, particularly in relation to construction and repairs services – the project looked specifically at the feasibility of applying a partnering approach to the commissioning of accommodation-based support services for single homeless people.
3. The project addressed the potential for partnering on a cross-authority basis, as well as within individual local authorities.
4. The project has concluded:
 - a. Partnering can deliver improved VFM for commissioners and providers (both in terms of cost efficiencies and quality improvements), although it can involve additional costs at the outset and may only achieve benefits in the medium to long term.
 - b. Partnering involves a substantial culture change in comparison with traditional commissioner/contractor relationships. However, although SP is still a relatively immature market, contracting arrangements in many local authorities are already based on a more collaborative approach than that which occurs in traditional contracting.
 - c. If partnering is to be successful, there needs to be a documented approach that sets out the principal objectives of the main parties. It will also be important that SP teams ensure that partnering initiatives have the support of all the relevant elements of their authorities (e.g. the procurement and legal departments).
 - d. Taking into account the above points, a move to partnering was currently likely to be worthwhile only in a limited number of circumstances:
 - where major capital investment for new service developments was required;
 - where existing services to a client group required significant remodelling or systems change; and
 - where there were significant assets whose volume and strategic relevance merited a partnering approach.
 - e. In most cases, partnering initiatives would need to be preceded by a tendering exercise. However, there were a number of circumstances – particularly where an existing support provider (or an RSL and their existing managing agent) proposes to make significant capital investment in a building where SP services are being delivered and to reduce SP revenue costs – where a persuasive business case might be developed for a negotiated approach towards partnering contracting.
 - f. The boroughs involved in this project consequently wish to test partnering on a pilot basis with at least one provider and on the clear expectation that efficiencies would be achieved. Further discussions will take place on the precise nature of this pilot or pilots. The pilot/s would be monitored and evaluated in terms of the experience and actual benefits of partnering, and used to inform consideration of wider application of

partnering in SP commissioning in future. With this in mind, the boroughs involved are likely to approach the London Centre of Excellence for further financial assistance.

- g. There is also a strong view that many of the perceived benefits of partnering can be obtained by applying best practice to standard SP contracting. Value Improvement projects and a number of other recent developments in SP commissioning (as covered in this report) point the way.
- 5. It is hoped that readers who are considering embarking on partnering arrangements for Supporting People services, or who simply wish to take some of the best elements of partnering and apply these to standard Supporting People commissioning, will find this report useful.

1 Background to this report

1.1 Our brief

1.1.1 The brief, drawn up for this project by the Royal Borough of Kensington and Chelsea (RBKC) with the involvement of four other London boroughs – Brent, Camden, Hackney and Lambeth – was as follows:

- To identify the advantages and disadvantages of current Supporting People (SP) contractual arrangements
- To scope and develop partnering arrangements that consider:
 - How to keep a customer and client focus
 - How to design and manage effective partnering arrangements
 - How to manage and sustain partnering arrangements
 - How to achieve risk sharing
 - How to achieve efficiencies through partnering
 - How to implement partnering projects successfully
 - How to measure and evaluate stakeholder outcomes from partnering
 - How to monitor and review partnering arrangements
- To plan and facilitate a scoping event with authorities and providers to examine the issues above and the provider's perspective
- To compile a summary report from the event for dissemination to all stakeholders
- To compile a summary of recommendations for authorities on the appropriateness of implementing partnering arrangements and their ability to produce efficiencies
- To design a presentation of the results that can be disseminated to other London authorities
- A range of range of models will be developed for partnering arrangements which will consider:
 - Partnering arrangements with one provider across all authorities using a framework agreement
 - Partnering arrangements with one provider across all their services within one authority.
- To consider the implications of Local Area Agreements (LAAs) for partnering arrangements (considering the SP programme will be in the LAA by 2009) and how this would support the development of cross-authority commissioning partnerships across homelessness across LAA's – possibly even the development of a multi-area agreement and the pooling/alignment of funding etc.
- To provide an action plan for implementing partnering arrangements

1.1.2 It was agreed that the project should focus particularly on the commissioning of accommodation-based support services for single homeless people.

- 1.1.3 Funding for the project was obtained from the London Centre of Excellence – a London Councils body which aims to inform and assist the development of local authorities' value for money, efficiency, improvement and procurement agendas.

1.2 Policy context

- 1.2.1 In 2004, the Department of Communities and Local Government (CLG) announced an efficiency improvement target for local government, based on Sir Peter Gershon's independent review of public sector efficiency, *Releasing Resources for the Front Line*. Efficiency savings of 2.5% per annum were expected by Government to realise a total of £6.45bn by 2007/08 that can be released to support front line services. Half of the savings were expected to be cashable, with the balance represented by non-cashable savings in terms of improved productivity and cost avoidance.
- 1.2.2 Under the Comprehensive Performance Assessment (CPA), councils are assessed annually on their value for money. Procurement is an explicit component of the financial management strand in the assessment.
- 1.2.3 Achieving value for money (VFM) is one of the key objectives of the SP programme as a result of Government concerns over the overall size of the national budget. An independent review of SP conducted by Robson Rhodes in January 2004 concluded that the current distribution of SP funding does not represent good 'value for money'. In their view, the current distribution of funding was not based on need and the wide variations in unit costs could not be explained by regional variations regarding accommodation and salary costs. CLG has subsequently led the drive for VFM in the sector through making reductions in the overall SP budget (which has failed to keep pace with inflation) and the development of Value Improvement Projects (VIPs).
- 1.2.4 The local authorities charged with administering SP have therefore been required as part of a service review process to assess the value for money (VFM) of services to ensure they represent 'Best Value'. Authorities have also had to ensure that Best Value is achieved for any new SP contracts as part of their procurement processes. Many authorities, particularly in London, have also faced year-on-year reductions in their allocations of SP funding from central government.
- 1.2.5 Since 2001, CLG has also been developing a formula to allocate SP funding on the basis of relative need, rather than on the historic pattern of legacy funding. This Distribution Formula has been a significant concern for many authorities since its inception; under the Formula, RBKC, LB Camden and LB Hackney, for instance, are all due to receive significant reductions in their future grant levels.
- 1.2.6 As a consequence of the SP budget reductions and the movement towards a Distribution Formula, there has been considerable financial instability with the SP programme. Authorities have been reluctant to commit to long term contracts as funding allocations have tended to be announced on an annual basis. However, CLG has now committed to work towards three-year funding settlements (the first of which has recently been announced), which should give authorities greater scope in issuing longer term contracts.
- 1.2.7 In the document, *Supporting People Administration Paper: Administering the SP Programme from 2006*, CLG set out their current position on the procurement of SP services. They note the Government priority to achieve value for money in the procurement of services, acknowledging that this is not always about the lowest prices, but about the overall ability of the procured service to meet the service user's requirements in terms of quality and cost effectiveness.
- 1.2.8 The paper calls for the development of appropriate partnering models with the provider base, as well as collaborative approaches among local authorities to joint commissioning

and procurement. Reference is made to the VIPs and authorities are also asked to look at the scope for commissioning and procuring services on a sub regional basis.

1.2.9 In October 2006, CLG published *A Guide to Procuring Care and Support Services*. Based on the experience of the Leeds and Plymouth VIPs and designed for non-procurement professionals, the guide sets out the basics of procurement and provides information on how to plan and run a procurement project. The document deals with procurement processes in broad terms and makes no specific reference to partnering.

1.2.10 SP authorities have been increasingly engaged in competitive tendering exercises to ensure that VFM is obtained in provision of SP services. On occasions (e.g. in West London), a framework agreement approach has been adopted, whereby providers are asked to bid on the basis of a unit price in advance of the exact size of services being determined.

1.3 The focus on single homeless accommodation-based support services

1.3.1 The five boroughs were particularly keen to look at the feasibility for partnering in the commissioning of accommodation-based support services for single homeless people. This was primarily because of the size of their SP budgets taken up with funding such services relative to services for other SP client groups, but there were a number of other factors behind this desire as well:

- Several such services are delivered by providers in accommodation which the providers also own, and there was a concern that traditional tendering might result in existing patterns of service being significantly disrupted. In particular, there was a concern that existing providers owning accommodation who might lose out in such a process, would then withdraw their accommodation from the SP programme.
- This particular grouping of five London authorities had originally begun meeting together on the transfer of NOVAS Ouvertures supported housing accommodation in their areas to St. Mungo's. Consequently, a prime focus of this group was accommodation-based support services to single homeless people.
- All five authorities are concerned to achieve better VFM in this area of their SP programmes. There is a view that there is scope to realise further cost efficiencies, as well as service improvements.

1.3.2 The authorities had experienced some difficulties in contract negotiations to date, particularly with large providers of support services in hostel accommodation for the homeless and rough sleepers. There have been a number of reasons for this, viz:

- the existence of more than one contractual relationship in a service;
- decisions by other parties (e.g. the Hostels Capital Investment Programme) impacting on local provision and contracting;
- a cross-authority dimension to a number of such services;
- the SP provider also being the property owner;
- cost benchmarking being limited to a relatively small number of providers and the existence of ongoing concerns regarding the value for money obtained.

1.3.3 Partnering was felt to be a potential commissioning solution that could take a more sensitive approach towards support providers who were also owners of accommodation

for single homeless people whilst still achieving improved VFM. The partnering model was also felt to be attractive in terms of commissioning within a changing environment, e.g. the need for remodelling of some existing accommodation and local authorities' moves towards a more joined-up service approach (possibly including joint commissioning with Adult Social Care and Health), the introduction of common needs assessment and the need to increase provision for single homeless people with multiple needs.

- 1.3.4 Partnering was also felt to be an approach that could take account of the existence of other stakeholders and other contractual arrangements, and, if approached on a cross-authority basis, could adequately address the cross-authority dimension of service provision to this client group.

2 Project methodology

2.1 Phase 1: Scoping

2.1.1 The initial phase of the project involved scoping the potential for partnering. This involved:

- a review of relevant documentation in relation to current SP commissioning, borough procurement policies, partnering and Local Area Agreements
- individual meetings with SP officers in each of the five boroughs plus follow-up questionnaires
- Project Board¹ presentations and discussions
- individual meetings with eight selected providers of accommodation-based support to single homeless people
- a scoping event with invited SP and procurement staff from the five boroughs and other authorities, providers and SP Forum representatives.

2.2 Phase 2: Further discussion and investigation

2.2.1 Following discussion of a report on the scoping event at the Project Board, further work was carried out on investigating procurement approaches that need not involve standard tendering, and on aspects of partnering that could be applied to current SP commissioning.

2.2.2 The Board also asked for partnering to be set out in the context of EU and local authority commissioning regulations.

2.3 Phase 3: Report production and final recommendations

2.3.1 A format for this report was agreed with the Project Board and a draft of the report produced for the Board's consideration. At the same time, the final recommendations of this report, which are encapsulated in the Executive Summary and Conclusions sections, were agreed.

¹ The Project Board was chaired by RBKC and consisted of SP lead officers from each of the five authorities.

3 Partnering and standard SP commissioning

3.1 What is partnering?

3.1.1 A great deal of work has been done in the public sector over the past few years on methods of procuring large-scale services. It is accepted good practice in some parts of the public sector that long-term partnering contracts with a particular supply organisation may be a more appropriate method than traditional contracting for achieving VFM in certain circumstances. In particular, the concept of procuring construction projects through partnering has been developed and promoted by central government and the building industry through the Construction Excellence Initiative following the publication of *Rethinking Construction*, commonly known as the Egan Report.

3.1.2 Egan advocates the following principles:

- Move away from contractor mistrust
- VFM does not necessarily equate to the lowest priced tender
- Contracts can have a partnering focus and need not be adversarial
- Invite contractors to compete on quality
- In a long term contracting relationship, focus on benchmarking to establish VFM and performance indicators (PIs) to monitor quality and performance
- Reduce invoices and rationalise payment processes
- Build in efficiency savings against the previous year's expenditure
- Savings are best realised when approached in an 'open book' way (providers and commissioners share financial information and negotiate variations and cost uplifts on this basis).

3.1.3 In the construction industry, there is national evidence that partnering can offer many advantages over traditional tendered procurement. The involvement of client, end user, designer, constructor and the supply chain is set up to work together in an open and trusting relationship, sharing responsibility for problem solving and actively searching for ways to improve the end result. This approach is in marked contrast to the confrontational nature that has characterised much of the construction industry in the past and helps to ensure that the completed facility meets or exceeds the client's initial requirements.

3.1.4 However, partnering is not a 'quick win'. It is unlikely to produce quick results; it is a long-term approach and therefore requires both patience and investment and full support of the procuring organisation from the outset.

3.1.5 In construction, partnering means:

- commissioners and providers taking collective ownership of the project, with every member of the team contributing their particular skills and knowledge at the appropriate time;
- jointly measuring and monitoring performance;
- jointly working to improve performance;

- learning lessons from one project and applying them to the next;
- sharing mutual objectives and turning that expectation into reality;
- sharing risk and accountability;
- continually looking to improve quality;
- completing projects on time and within budget;
- minimising waste;
- improving health and safety;
- achieving zero defects.

3.1.6

The aspirations of partnering are:

- enhanced client and stakeholder involvement, leading to greater satisfaction with the end result;
- greater innovations in service delivery solutions;
- improvements in project outturn time and cost;
- improvements in project forecasting time and cost;
- improvements in health and safety;
- shared approach to issue resolution;
- fewer disputes and claims;
- reduced bureaucracy and administrative processes, leading to lower support and administration costs;
- more accurate and timely resolution of final accounts;
- fewer defects at handover;
- achievement of socio-economic benefits;
- continuous learning and long-term relationships with service providers.

3.1.7

It is important to recognise that the basis of a partnering approach is a legally binding contract. In practical terms, partnering involves having a Partnering Agreement that sits alongside the contracts and sub-contracts of a construction report, and to which the various contracts and sub-contracts refer. The Partnering Agreement should be agreed by all parties and sets out governance arrangements, financial and costing arrangements, performance management, dispute resolution and the like.

3.1.8

It is usual for the partnership to be overseen by a strategic group, often known as a Core Group, which has high level representation from all parties, including service users. Operational management of the partnership is typically the responsibility of a Partnering Group, meeting regularly and made up of the contract managers from supplier, commissioner and sub-contractors and representatives from other stakeholders, including

service users. (**Appendix A** illustrates how this typical structure of a partnering approach on a construction project might be applied to SP contracting.)

3.1.9 The involvement of service recipients is particularly important in ensuring that a customer and client focus is maintained. One of the problems with traditional contracting has been that a commissioner/contractor relationship has been established, but the recipients of services provided by the contractor have often not had a voice in the contracting arrangements. By ensuring that service recipients are represented within partnering arrangements, service user viewpoints and issues can be raised to the extent that both the commissioner and the contractor need to be mindful of them. Indeed, improving the quality of life for service recipients, whether the project is a construction scheme or an SP service, should lie at the heart of partnering.

3.1.10 The partnering approach can contain problems too, including:

- relaxation of probity as relationships with service providers are longer term and more collaborative;
- relaxation of probity in terms of more relaxed attitudes to audit trails, particularly if there is pre-contract negotiation;
- initial set-up costs can be high, particularly for organisations that do not have a history of partnering;
- disillusionment if there is not strong and experienced strategic and operational leadership of the process from all parties;
- the procuring organisation may not culturally fit partnering, both at strategic and operational levels.

3.2 Partnering in an SP context

3.2.1 It is important to recognise that SP does not share the procurement history of the construction industry, i.e. one that has largely been predicated on distrust between commissioners and providers, and where concerns for the actual recipients of services (users of buildings) have tended to be marginalised. In SP, the contracting culture is still relatively new, whilst a concern for service users lies at the heart of the SP programme. Nevertheless, there are a number of potential advantages in applying partnering to the commissioning of SP services compared to the type of procurement that has tended to take place to date.

3.2.2 Standard commissioning of SP services tends to display the following features:

- relatively short-term contractual commitments, ranging from 1-3 years;
- a focus on individual services;
- fixed unit prices delivered through tendering;
- variable price uplift arrangements from authority to authority (and frequently none);
- risks are largely borne by providers;
- performance has been measured by input, rather than outcomes (although a move towards focusing on outcomes is now taking place);

- notwithstanding some authorities' moves to involve providers as stakeholders, commissioner and provider roles are defined on the basis of a traditional, adversarial contracting approach;
- there is a limited strategic role for providers;
- providers are concerned to retain their competitive advantages and there is relatively little sharing of best practice.

3.2.3 In this context, the potential advantages of adopting a partnering approach are as follows:

- longer term contracting arrangements can be entered into, delivering provider stability whilst accommodation is remodelled or replaced;
- a focus on service delivery to a client group as a whole (enabling the grouping together of a provider's individual services);
- a focus on actual service costs, together with a more flexible approach towards price that shares risks and rewards good performance;
- a strong focus on service outcomes;
- involvement of providers as equal partners, drawing in other service stakeholders too;
- the ability to involve partners in strategic decision-making;
- continuous improvement expectations are stated;
- a commitment to sharing of problems and of best practice and continuous improvement.

3.3 Recent developments in SP commissioning

3.3.1 An evaluation report of the Value Improvement SP commissioning pilot projects funded by CLG has recently been published. The national Value Improvement Programme (of which these pilots were the forerunner) aims to:

- (a) establish how authorities can continue to improve the overall value for money offered by SP services and outcomes for service users whilst driving out inefficiencies from within the programme and
- (b) work with Local Strategic Performance Partnerships to ensure that Supporting People fits into the emerging National Improvement Strategy - a central component in the new performance framework arrangements for supporting the delivery of excellent Local Area Agreements - and the Comprehensive Spending Review 07 efficiency measurement process.

3.3.2 There are a number of general aspects to the Value Improvement evaluation report which are of relevance to this partnering project, e.g.:

- Some SP teams commented that the involvement of procurement professionals had resulted in less innovative and imaginative tendering and procurement processes that took less account of the concerns and fears of providers and service users.

- Gross efficiencies of £2m (11%) were achieved on total existing annual contract prices of £17m. Non-cashable efficiencies in the form of real increases in productivity were achieved as well.
- The efficiencies appear to be sustainable in the medium and long term due to the whole systems thinking which directed both the areas of provision to address and the way in which the pilots were conducted.
- The most successful pilots would appear to be those that undertook a complete, clear-sighted re-evaluation of existing provision and involved service users and providers from the outset.
- For value improvement to be successful, there must be a balance between the requirements of a structured tendering process, consultation with service users and support for providers. Careful thought needs to be given to what the change process should entail for all concerned. Support and encouragement must be given to providers where needed and commissioning bodies should acknowledge the size of the stake that providers have in SP and acknowledge that providers have shaped SP provision over a number of years.

3.3.3 In addition, there are a number of specific Value Improvement Projects whose achievements are worth considering in the context of a more partnering oriented approach towards SP commissioning, particularly with regard to accommodation-based support services for the single homeless:

- Southampton determined to remodel its support provision for homeless people (at the time involving 30 services provided by 11 organisations). It designed a service model that managed access through a service gateway, allowing preliminary assessments to be undertaken prior to referral to a range of preventative services (such as housing advice and floating support), generic supported housing for low level needs, specialist supported housing providing more intensive support, and emergency accommodation. Pathways to and through the various services could be modified to suit individual service user's needs. Information about demand and flows through services could also be captured. In redesigning support services, the City Council saw benefits in bringing together a number of separate services to operate in future as a single service. It was decided to put the remodelled support services out to competitive tender. In practice, the proposal was accepted by the majority of providers, and any initial reluctance was soon overcome in the knowledge that it would not be possible to oppose the arrangements and seek to compete for new contracts.
- Thurrock saw a need to focus on the outcomes achieved in delivering support services to homeless people. The Council identified two main types of outcomes – hard outcomes (objective measures of events, such as the number of people sustaining tenancies) and soft outcomes (subjective measures of attitudes, such as service users feeling they have a choice over where and how they live). The four overarching strategic objectives of these services – prevention, intervention, independence and quality – were translated into outcomes with set tolerance levels and a new quality monitoring process was developed to enable the Council to manage outcome-focused contracts. Following dialogue with providers, the outcome monitoring was developed in place of existing contract management processes rather than as an add-on.
- Knowsley and Leicester wanted to see services jointly commissioned as integrated housing related support and social care services, thereby addressing the needs of a number of client groups in a co-ordinated way, achieving efficiencies by reducing the duplication of services and business processes involved in separate contracting, and reducing the number of services a service user has to deal with at

any one time. For commissioners of social care and SP, services can be provided under a single set of terms and conditions with a single monthly payment and reduced contract monitoring; there is also the opportunity to renegotiate rates where support funded through social care and SP has been provided at different rates. Leicester identified good practice in joint commissioning and identified a number of potential models including service alignment to ensure complimentary objectives and delivery arrangements, integrating provision into single services, having lead commissioner arrangements where one organisation contracts for a service on behalf of a number of other organisations, and the use of pooled budgets where Health, SP or social care funding is combined to purchase a service. Knowsley focused on the benefits of cross-borough commissioning and consistency with other authorities. In both cases, the reduced bureaucracy will lead to reduced contract prices and rates.

- Dudley led on a project involving sub-regional commissioning in the Black Country. Each of the four administering authorities concerned had identified a gap in provision for people categorised as having challenging and complex needs. A partnership was formed, with Dudley as the lead authority, a business case and communication and governance & project plans jointly agreed to and legally binding agreements entered into by each authority to fund the service and govern its operation.

3.3.4 A number of other SP commissioning initiatives were identified as being relevant to this partnering project:

- Hammersmith & Fulham, together with other West London authorities, have developed a Framework Agreement as the core of a sub-regional contracting and tendering framework approach and have initially commissioned floating support services for single homeless people on this basis, while hoping the model could also be used for other West London cross-authority services. Under the Framework Agreement, a lead authority enters into the Agreement following a joint tendering process to agree the price and specification with the selected provider/s. To take advantage of the framework, each participating authority signs an access agreement with the lead authority to access a particular proportion of the service and the individual authorities then enter into their own individual SP contracts with the provider/s. A Joint Commissioning Protocol ensures communication between the authorities and, if necessary, can specify the volume of service that each authority will purchase. The potential benefits of the proposed approach include service price reductions through offering a greater volume of services; adopting a common approach to assessing VFM; improving quality through the use of common service specifications; and reducing monitoring and transaction costs.
- Derby has held a seminar for providers to explore current and new ways of working together on SP service provision in the context of what makes a successful public partnership work. Participants were asked to score six principles relating to partnership working, which produced the following order of importance for the existing SP Partnership:
 1. Ensure commitment and ownership/Develop and maintain trust
 2. Monitor, measure and learn
 3. Develop clarity and realism of purpose
 4. Create clear and robust partnership arrangements
 5. Recognise and accept the need for partnership.

This suggests that the important aspects in achieving and maintaining successful partnership working rely more on behaviours – commitment, ‘ownership’ and trust – and the facilitation of shared learning than on the accompanying documentation and paperwork.

- Doncaster's SP Commissioning Framework and Procurement Strategy states that a partnership approach based on a longer-term relationship between the Council and the service provider will be an appropriate procurement approach in some instances and that it should be based on a number of principles, i.e. shared objectives; commitment to the local community and the SP programme; trust, openness and honesty; good communication; proactive problem sharing; sharing of risk and reward; continuous performance improvement; continuous cost reduction; joint investment; and pooling of knowledge and resources and mutual learning.

3.3.5 We will return to some of the above points in our 'Conclusions' section, when we look at how some of the aspects of partnering can be applied to more conventional forms of commissioning.

4 Partnering and procurement

4.1 Requirements re procurement of SP services

4.1.1 A Position Statement on the Procurement of Supporting People Services, issued by CLG's forerunner, the Office of the Deputy Prime Minister, states:

" How a given Administering Authority takes forward the procurement of a service should be governed by three key factors:

- Compliance with the authority's relevant procurement strategy and standing orders
- Compliance with the requirements of EU procurement rules. This should already be reflected within the procurement strategy and standing orders, although Accountable Officers and Lead Officers should check that that is the case.
- An understanding of how appropriate procurement techniques can contribute to the efficient and effective long-term delivery of the local Supporting People programme. The technique followed would need to be appropriate and proportionate to the ability of the provider market to respond to it, but effective procurement is an important route towards securing the right service at the right price and maximising the level of service provision which can be achieved within local SP programmes.

What this means at a local level is a matter for individual authorities to determine. However, it is important that any decision on, or strategy for, procurement of SP services is derived from proper and informed discussions between Supporting People professionals (who will understand the current context of the local SP programme and the position and objectives which the programme is seeking to move towards) and procurement professionals (who can advise on the strategies and techniques for using procurement as a tool to move the local programme forward).

The new emphasis on improving procurement should be seen in the context of the need for local government to improve the efficiency and professionalism of the management and delivery of all public services. It will mean adopting best management practices, exploiting the potential of information technology and focussing on working partnerships with the public, private and voluntary sectors to deliver efficiency gains."

4.2 Local authority procurement strategies

4.2.1 A study of the procurement strategies of the five London boroughs indicates that partnering is sometimes explicitly mentioned as a suitable approach towards commissioning, but in any event fits within local authorities' general procurement approach, which can be summarised as 'achieving the best quality service for the most efficient price'.

4.2.2 Both partnering and traditional contracting can be achieved by tendering or through negotiation between the parties. Local authority procurement rules favour the former approach, considering it a more reliable method of delivering VFM, although negotiated contracts are generally possible where there is a strong business case and evidence that VFM can be achieved.

- 4.2.3 A proposal to commission through partnering, rather than through more traditional contracting arrangements, will need to be supported by a persuasive business case, as will any proposal to negotiate partnering, rather than to put partnering opportunities out to tender. Such business cases could draw on a number of factors, e.g. the need for a longer-term approach, enhancement of risk management, the efficiencies to be achieved through contract repackaging/aggregation, delivery of service improvements, etc.

4.3 EU procurement rules

- 4.3.1 EU Procurement Directives apply to all public service organisations and preside over local authorities' own procurement rules. They set out procedures for the award of contracts above set financial thresholds and their purpose is to open up the public procurement market place to ensure the free movement of goods and services throughout the European Union. The procurement rules currently apply to supply and service contracts with whole life costs above £139,893 (exclusive of VAT). These limits are fixed for two years from 31 January 2008.

- 4.3.2 Services are split between Part A Services (e.g. IT), which are subject to the full European regime, and Part B Services (e.g. catering) which have minimal legislative requirements. Part A Services are subject to the full requirements. This means, for instance, that the services must be advertised in the *Official Journal of the European Union* (OJEU). Part B Services have minor requirements. SP services are generally (although not always) regarded as Part B Services.

- 4.3.3 Contracts above EU value limits should be tendered in accordance with the relevant EU procurement rules. The main requirements are as follows:

- Advertising of the contract through the OJEU
- A choice between open or restricted, and (under specified circumstances) competitive dialogue or negotiated procedures
- Adherence to minimum periods for tender notice and tender submission
- Mandatory exclusion of candidates who have been convicted of certain offences
- Requirement for a 10 day standstill period after award of the contract

- 4.3.4 Detailed EU Procurement guidance can be obtained from the Office of Government Commerce website.

4.4 Procuring through partnering

- 4.4.1 The procurement of partnering contracts should present no problems to an organisation that allows an open and transparent procurement process based on the concept of the most economically advantageous tender. Value for money judgements should be made based on the evaluation of bids against a range of qualitative and quantitative criteria set at the beginning of the procurement process. A typical tendering procurement process for partnering is shown in the first action plan table in **Appendix B**.

- 4.4.2 Circumstances may arise where a negotiated approach to partnering may be more desirable, e.g. where an existing provider was in a position to remodel accommodation-based provision and could also offer improved VFM in relation to support costs. A typical procurement process for negotiated partnering is shown in the second action plan table in **Appendix B**. This is likely to be a shorter process than that required for tendering, as the tables indicate.

- 4.4.3 Service providers should be engaged through a procurement process that maintains the highest standards of probity of procurement and risk management and meets the Public Contract Regulations throughout. Specialist advice should be sought to ensure that those regulations are complied with.

5 Partnering and Local Area Agreements

5.1 SP and Local Area Agreements

5.1.1 One of the concerns expressed by the five authorities in initiating this partnering project was the potential impact of Local Area Agreements (LAAs) on partnering of SP services. The LAA Grant in the last round of Local Area Agreement (LAA) arrangements pooled many funding streams, and, due to its success, Central Government is now building on this through payment to local authorities of Area Based Grant, which provides more flexibility at a local level. It is a non-ringfenced area grant which does not have to be spent specifically delivering LAA priorities, although in reality this will probably be the case in the medium to long term. The Government is presently aiming to include SP grant in Area Based Grants from 2009, dependent on the evaluation of a testing period taking place this year with a number of selected local authorities (the only London borough involved is Barking & Dagenham).

5.1.2 The potential impact of LAAs on SP, when combined with the removal of the existing SP ringfence, is that, if provision of support services is not seen as a local priority, then funding for such services may not be forthcoming and the monies made available in the past could be spent elsewhere. On the other hand, with Local Strategic Partnerships able to use all incoming funds in whatever way they decide best, this could entail resources for support to vulnerable people increasing, or the roles of support providers broadening to encompass other local priorities linked to their core services.

5.1.3 The LAA process requires the Local Strategic Partnership (LSP) to decide what indicators from the new national framework are most appropriate (each LSP can choose up to 35 indicators plus 16 statutory education and early years targets). The 35 need to be agreed with the Government Office (GO) and should be based on “a local Story of Place setting the vision and needs for the area”. LSP’s will also need to take account of priorities that the GO has already identified for each area in partnership with Central Government. The crucial point is that each LAA needs to be clear in terms of an evidence base as to what priorities it should focus upon. As a consequence of reducing the number of indicators, we may find that there is less or more focused prioritisation.

5.1.4 Reaching an agreement on what is included in the final LAA will be a joint approach and the GO Regional Director will make a recommendation to the Minister for each LAA. There remains, however, a lot of uncertainty about how the process will pan out in reality.

5.1.5 Only indicators from the national indicator set can be used to set targets for designation by the Secretary of State. A maximum of 35 designated targets can be included in the LAA at any time and should be set over a 3-year trajectory period, with a performance target set for each year. Two current Supporting People KPIs are included within the set of 198 local government performance indicators from which the 35 priority improvement targets can be chosen:

- NI 141: Number of vulnerable people achieving independent living
- NI 142: Number of vulnerable people who are supported to maintain independent living

but it remains to be seen to what extent these will be selected as priorities for LAAs.

5.1.6 Where priorities are not covered by the 35 designated targets, local authorities and their partners on the LSP will need to decide whether additional targets are needed as local targets. Whether or not to set any local targets is purely a local matter, and the Government will not seek to influence this. These local targets should not be seen as ‘second tier’ targets – they place named partners under the same statutory duty to have

regard to agreed local targets as for the designated targets, and they ensure the local dimension can be fully reflected in LAAs.

5.2 Partnering within an LAA framework

- 5.2.1 CLG's recent operational guidance document, *Development of the new LAA framework*, emphasises the importance of partnership working. Local authorities' duty to co-operate will require that named partners and the responsible local authority co-operate with each other when developing LAA targets. The 'duty to have regard' to targets that have been agreed will apply to those named partners which have been identified as being responsible for working towards delivery of the targets and to the local authority that prepared the LAA. The duties will apply to new LAAs, and will also be monitored once in force as part of the Comprehensive Area Assessment (CAA) in 2009.
- 5.2.2 The Government believes it is important that the local Third sector and Business sector, (which are not covered by the duty to cooperate referred to in 5.1.6), are included in membership of the LSP and relevant sub-groups, and that it is clear how they influence decisions and actions of the LSP.
- 5.2.3 CLG has stated:
- ‘ The local Third sector has a vital role to play in the development of the LAA and should be engaged throughout the process – from informing and helping to set priorities, to the final agreement of targets. The Third sector also has an important role in representing communities and as a provider of local community services, many of which will be complimentary to the aims of the LAA. Local authorities and partners should ensure processes and structures are inclusive of the Third sector and take account of capacity issues, and are in line with the Compact² code of practice. Local authorities should pass on the stability of their three-year financial settlements to the Third sector wherever possible. In relation to grants to Third sector organisations, the starting point should be three-year funding in all cases, subject to purpose and democratic controls, except where this does not represent best value in individual cases and in terms of overall efficiency .’
- 5.2.4 In the context of the above statement, it is perhaps worth noting that comparatively few local authorities have signed up to the Compact to date and that SP VFM processes have been geared towards driving down prices, particularly overheads, rather than work on a full cost recovery basis.
- 5.2.5 The new CAA will take account of the strength of partnership working, and quality of community engagement.
- 5.2.6 Whilst not discussing procurement methods in detail, the spirit of the technical guidance on LAA's frequently mentions joint commissioning and sharing resources where possible, which would tend to support a partnering approach.
- 5.2.7 LAA's are not intended to cut across existing local authority procurement policies. Partnering also offers several features which line up nicely with the objectives of LAA's – working partnerships, a focus on outcomes, transparency, mutual commitment to value for money and continuous improvement, information sharing, peer challenge and rewards for good performance.
- 5.2.8 Furthermore, partnering can be seen to be complimentary to the LAA approach in a number of other respects, i.e.:

² This is a reference to the Voluntary Sector Compact.

- its focus on outcomes
- a role for self assessment and peer challenge
- rewarding good performance
- transparency.

5.3 Multi-area agreements

- 5.3.1 It may also be worth considering cross-authority partnership working around some SP services (such as provision of support services for single homeless people) in the context of Multi-Area Agreements (MAAs). These are voluntary agreements between two or more top tier or unitary local authorities, their partners (including, in two-tier areas, shire districts) and Government to achieve collective outcome-based targets to improve economic prosperity.
- 5.3.2 Government will expect MAAs to consider the key policies which relate to economic prosperity, for example, transport infrastructure, skills, worklessness, housing and planning. However, individual sub-regions will decide on the themes and specific focus of their MAA. It will be for different sub-regions, with the support of central Government, led by GO's, to determine the precise shape, scope and nature of individual MAAs as they develop.
- 5.3.3 The thinking behind MAAs is that, whilst many policies are best dealt with at local authority level, many others, especially those aimed at improving economic development, may be best tackled by local authorities and their partners collaborating at the functional economic area. MAAs are intended to provide a means to achieve this and to drive economic prosperity at the level of the sub-region, focusing on the key policies related to economic growth. Tackling deprivation and narrowing the gap between outcomes for the most deprived people and places with the rest of the sub-region will be a necessary part of delivering a step change in economic prosperity.
- 5.3.4 When developing MAAs, partners should also consider the potential efficiencies that can be achieved by greater cross-boundary co-operation. For example, local authorities working together on common objectives provide an opportunity to achieve efficiencies through shared services. There may be potential gains through better alignment of service delivery, or through achieving more efficient procurement and commissioning arrangements.

6 Potential partnering of accommodation-based SP services for the single homeless

6.1 Providers' views

- 6.1.1 The providers of support services to single homeless people that we met with as part of this project were generally very much in favour of local authorities adopting a partnering approach towards commissioning of such services.
- 6.1.2 At present, they felt that commissioning of support services felt more akin to a B&Q buyer purchasing household paint and that support commissioning was not sufficiently understood. The SP environment was felt to be very dependent on providers' relationships with individual SP officers. Approaches towards price uplifts can be problematic, delivering differentials between income and costs, with no incentives for achieving good performance. Current SP procurement was not regarded as encouraging innovation. Too often, each local authority had its own way of doing things; more uniformity would be welcome.
- 6.1.3 Providers were of the view that there needed to be less of a micro-management, input-focussed approach by commissioners, and more of a partnering attitude with a focus on outcomes - an approach that gives providers greater flexibility as to how to achieve the desired objectives.
- 6.1.4 Providers felt that partnering had a number of potential benefits, e.g.:
- offering providers a greater involvement in service strategy and shaping;
 - bringing increased business certainty;
 - containing more scope for innovation or flexibility if circumstances change;
 - leading to improvements in service quality that benefit service users;
 - involving a more efficient use of resources that benefits both providers and commissioners;
 - improving problem resolution to the benefit of all.
- 6.1.5 It was felt that partnering could help improve providers in reaching out to minority groups and other clients who are resistant to local authority services through a more targeted approach and better information-sharing.
- 6.1.6 Providers were particularly attracted by the possibility of cross-authority partnering, regarding this as a means of achieving a more consistent approach towards service commissioning, as well as encouraging a pan-London approach to support provision for the single homeless, given the cross-authority nature of this client group. In the context of cross-authority commissioning, it was also pointed out that, just as providers can learn from each other, so can commissioning authorities as well.
- 6.1.7 There was a view that partnering should tie in with closer observance of the Voluntary Sector Compact. Involvement of higher level local authority staff at review meetings than occurs at present was felt to be particularly useful.

Achieving partnering

- 6.1.8 Providers questioned the readiness of SP teams for partnering, given what they regarded as the relatively unsophisticated commissioning experienced to date. In moving towards partnering, serious thought needed to be given as to how to instil a sense of trust, as this was not felt to be present in current commissioning. A change in culture and attitudes was needed, and the rhetoric around partnering needed to be shaped into a solid, documented approach that sets out the expectations of the principal parties.
- 6.1.9 A factor in the current lack of trust between providers and commissioners was the problems experienced by providers in relation to local authority resistance to importing and exporting service users. It was felt that people were churning around the system; there are too many local connection requirements; and some people don't have any local connections at all. Pathways approaches adopted by authorities can sometimes be too linear (for instance, providing housing can sometimes be a suitable first step, rather than something that happens at the end of the process) and localised. Arriving at a clear, accepted approach to such issues would be an important step towards establishing partnering.
- 6.1.10 Some concerns were expressed as to where the initiative for partnering had arisen in a local authority. There was a view that an authority's Chief Executive or Executive Directors needed to be on board with the approach for it then to work well.
- 6.1.11 Any framework around contract compliance would need to guarantee a profit margin and offer a shared approach to risk. As the main risks are financial, there should be a bottom line minimum payment covering key costs and additional monies should then be available to reward good performance, so that, for example, greater service usage resulted in increased funding. An understanding on price uplifts for the life of the contract would be desirable and would be a major factor in achieving a reduction in service costs (see 6.1.18-20 below for further consideration of VFM issues).

Open book accounting

- 6.1.12 Some concerns were expressed by providers about open book accounting, mainly to do with the entitlement of not-for-profit organisations to make surpluses (which are both wanted and needed and assist with innovation), and to what extent local authorities would be open about usage of SP monies and their own direct service costs. At the end of the day, it needed to be appreciated that taking on SP contracts involved a commercial judgement.
- 6.1.13 With these issues addressed, however, providers indicated they would be happy to move to an open book approach with commissioners, although there were some reservations about sharing this information with other partnering providers.

Smaller providers

- 6.1.14 One of the selection criteria for the providers we approached was that they already had over £1m of SP business per annum within the five local authority areas covered by this project. Some concerns were expressed about the implications for smaller providers in a partnering environment. Some of the providers we met expressed a willingness, as partners, to share their systems with other smaller providers. There was a view that smaller providers could be drawn into partnering through sub-contracting arrangements or a consortium model, although some doubts were expressed about the latter.

Managing agent providers

- 6.1.15 The providers with whom we consulted who were managing agents felt it was important for SP to go forward with a range of possible support models, and that it would be good if partnering arrangements could include managing agents like themselves. There was a view that RSL's are less inclined currently to invest in properties used by managing agents, and that perhaps partnering could alter that attitude.

Safeguarding supported housing

- 6.1.16 Amongst RSLs there was a view that the London market is more sophisticated than Southampton's (where accommodation was preserved despite some property-owning support providers losing support services through tendering of the City Council's new service model) and that the loss of support contracts in directly-managed schemes would lead in turn to property disposals (possibly to other RSL's). Whether or not disposals are likely to occur appears to revolve around the scale to which support contracts might be lost, the value of the properties involved and the wish of RSL's to put that value to use elsewhere, particularly where residents are not assured tenants.

Central government funded services

- 6.1.17 There was resistance to bringing homelessness services predominantly funded by central government into a local authority partnering framework, principally because of the problems mentioned in 6.1.5 above (there was an underlying suspicion that such a move would be a precursor to introducing more localised referral arrangements) and because it was strongly felt that the pan-London dimension to such services needs to be preserved.

VFM improvements

- 6.1.18 Our interviews revealed that providers could be more motivated to deliver added value through partnering than they were at present. Those providers who were significant fundraisers in their own right tend to use such funds as income for new provision, like employment and training projects, and certainly not as a means of subsidising local authority contracts. However, as partners, there was a general view that they would be more likely to focus their own fundraising resources on activities in partnering areas.
- 6.1.19 Even if lower costs were not achieved, providers felt that partnering should see improvements in quality, e.g greater provider involvement in connections with mainstream services, cutting across silos, a more honest approach in relation to under-utilised services. It could also lead to co-ordinated joint resourcing of service improvements, e.g. on user involvement. Some providers felt that drawing property-owning RSL's, local authority referral sources and other organisations into a partnering framework (along the lines of the construction industry's 'supply chain' model and involvement of sub-contractors in partnering) would be beneficial.
- 6.1.20 If providers could sit down with commissioners, design projects and agree investment on a more solid footing, then better prices could be achieved than in the current uncertain climate. It was also felt that partnering would help achieve greater capital investment and aid innovation.

6.2 Views from the scoping event

- 6.2.1 Providers' recorded views were fed into a broader scoping event, held at the Mary Ward Centre, Camden, on 24th January 2008, and involving invited SP and procurement staff from the five boroughs and other authorities, a broader range of providers (including those already interviewed) and SP Forum representatives. A full attendance list and notes from the event are attached as **Appendix C**.

6.2.2 The main conclusions from the three workshops held towards the end of the event (each comprising a mix of providers, SP and procurement staff) were:

- Partnering could be more effective than traditional commissioning, including in relation to achieving cost savings
- A joint vision and mutually agreed objectives would assist partnering
- Longer contracting periods were seen as beneficial (e.g. 5 years and above), even if break clauses were involved
- Standardisation of commissioning requirements and having joint outcomes targets across a number of local authorities would be helpful for providers
- Distrust between providers and commissioners was felt to have been exaggerated
- There was no clear view as to the best means of getting partnering off the ground, either through a single authority pilot exercise or through cross-authority commissioning
- There were doubts about the potential for financial risk-sharing or accommodating changes in circumstances in the context of SP funding and contracting
- TUPE was viewed as a key risk issue
- There were concerns that partnering may reduce bureaucracy for commissioners but not for providers
- Although there were differences of view between commissioners and providers on the extent of existing monitoring, a move to outcomes monitoring was looked upon with general enthusiasm
- A majority felt that partnering was desirable, at least in principle. One workshop was not so sure and questioned whether it would deliver benefits to service users
- There was a range of viewpoints as to whether partnering was achievable. One workshop felt that, as cultural change was involved, there needed to be advance information and training about partnering and it probably needed to be tested to show it can work. Another was of the view that commissioners and providers were already very close to it in some areas (e.g. floating support framework commissioning), while the remaining workshop felt a lot of set-up work was needed and that partnering may not be achievable, at least in relation to hostel accommodation
- Good practice in traditional contracting can include the kinds of benefits achieved through partnering, and involve wider application to small, as well as large, providers.

6.3 'Supply chain' management

6.3.1 One of the advantages of partnering in the construction industry is the drawing in of sub-contractors (known as 'the supply chain') and other interested parties into the partnering arrangements, with everyone working to achieve the partnering goals. In looking at support services for single homeless people, Tribal made the point that it felt a supply chain operated in this environment too, as **Figure 1** below shows.

Figure 1– The Supply Chain in Provision for Single Homeless People



6.3.2 A number of providers pointed out that provision is not necessarily as linear as the above diagram might imply, and it is also the case that not everyone with support needs is able to live satisfactorily in general needs move-on accommodation, even where floating support is available, and thus may remain in supported housing on a long-term basis. However, it seemed to Tribal that one of the potential benefits of partnering could be the ability to draw in providers of other services (including non-SP support) and accommodation (e.g. move-on housing) to a general partnering approach, thereby improving the effectiveness of services received by single homeless people.

7 Conclusions

7.1 Introducing partnering to SP commissioning

- 7.1.1 Experience in the construction industry has shown that partnering can deliver improved VFM for commissioners and providers (both in terms of cost efficiencies and quality improvements) and lead to real benefits for service users.
- 7.1.2 However, partnering involves a high degree of culture change from organisations used to more traditional contracting relationships, and this takes time and resources. Initially, partnering costs can be higher than those of traditional contracting, and often benefits are not achieved for a number of years.
- 7.1.3 Nevertheless, there is a strong view (particularly amongst providers) that partnering of SP services would be beneficial and should be pursued. Although, there is a concern about the degree of culture change needed for the introduction of partnering, particularly as contracting itself is relatively new to SP services and the current market is not a mature one, it is also the case that SP contracting arrangements in many local authorities (including the five authorities involved in this study) are already based on a more collaborative approach than that which occurs in traditional contracting for repairs services.
- 7.1.4 If partnering is to be successful, there needs to be a documented approach that sets out the principal objectives of the main parties. Guidance schedules and contract clauses are attached for information at **Appendix D**.
- 7.1.5 It will also be important that SP teams ensure that partnering initiatives have the support of all the relevant elements of their authorities (e.g. the procurement and legal departments).

7.2 Applying partnering benefits to standard SP contracting

- 7.2.1 There is also a strong view (particularly arising from the scoping event) that many of the perceived benefits of partnering can be obtained by applying best practice to standard SP contracting. Value Improvement projects and a number of other recent developments in SP commissioning (as covered in section 3.3 of this report) point the way.
- 7.2.2 Specifically, a number of the potential benefits in partnering – as listed in 3.2.3 – can be achieved to standard SP contracting:
- SP contract periods do not have to be confined to 3 years.
 - A provider's individual services can be grouped together into an overall contract.
 - There is already a move to judge performance on the basis of outcomes rather than inputs.
 - Providers and other stakeholders can be brought together with the aim of improving service delivery and co-ordination between services. Again, a number of authorities have already recognised the important role that involvement of service users can play in achieving such improvements.
 - A number of local authorities are already involving providers in strategic considerations.

- Some local authorities have built continuous improvement expectations in to the contracting arrangements.
- Individual authorities have also made use of their SP Forum to ensure there is shared learning of problem solving and best practice.

7.2.3 The limitations in applying a partnering approach to standard SP contracting would seem to revolve around service costing, VFM and achievement of cost efficiencies. Without an 'open book' and the flexible approach to funding entailed in partnering, it is difficult to see providers being prepared to tender for services purely on the basis of actual costs. However, a number of Value Improvement projects mentioned in section 3.3 show how cost savings and efficiencies can be delivered through standard contracting.

7.2.4 Towards the end of this project, the five local authorities returned again to the question of tendering and whether there were circumstances where there was a case for postponing tendering for a period. Seven commissioning scenarios were drawn up (see **Appendix E**) and discussed with procurement staff in each of the authorities. Local authorities' contract standing orders generally allow staff to negotiate, rather than tender, if a sound business case can be put forward, particularly in relation to VFM. Staff would also need to demonstrate that the service concerned meets commissioning needs and that service performance is good.

7.2.5 Scenarios 2 and 4, whereby an RSL who is also the support provider (or an RSL and their existing managing agent) proposes to make significant capital investment in a building where SP services are being delivered and to reduce SP revenue costs, were the scenarios considered to be most persuasive as business cases to override a need to tender. In the case of Scenario 4 (where there was some reluctance to be dictated to as to who should provide support services), the standing and significance of the service and its existing quality were also felt to be important factors that needed to be taken into account in determining whether or not tendering should be postponed.

7.2.6 Scenarios 1 and 3 – whereby an RSL who is also the support provider (or an RSL and its existing managing agent) is prepared to make significant capital investment in a building where SP services are being delivered in return for a guaranteed tender-free period - was not felt to be in a similar position. However, in some cases, for instance where a service is large volume or considered to be of particular strategic importance, it was felt a sufficiently persuasive case to postpone tendering might be able to be constructed. Scenario 5 – whereby a support provider offers a significant reduction in revenue costs on existing schemes in return for a longer-term contract - was also seen as having some justification (indeed some authorities had already made use of this approach in moving to 'steady state' contracts), particularly where services were deemed to be of good quality.

7.2.7 Scenarios 6 and 7, however, were not felt to give sufficient guarantee of VFM on their own to be a ground for extending existing contract periods.

7.3 Commissioning single homeless support services in the five London boroughs

7.3.1 In determining how best to move forward with commissioning single homeless support services in the light of this project, the five participating London boroughs took into account a number of key messages that had arisen re. partnering and SP, namely:

- partnering involves significant culture change, and this can mean additional resourcing (in terms of both time and funding) is needed in the early stages of a partnering project;

- although the providers of single homeless support services were generally optimistic that cost savings would be achievable through partnering, in practice these might only be delivered fully in the medium to long term;
- the relative immaturity of the SP market in terms of contracting (e.g. partnering involving a number of providers might be best achieved via consortia, but the consortium model is not yet tried and tested within SP³).

7.3.2 The boroughs consequently felt that a move to partnering was currently likely to be worthwhile only in a limited number of circumstances:

- where major capital investment for new service developments was required;
- where existing services to a client group required significant remodelling or systems change; and
- where there were significant assets whose volume and strategic relevance merited a partnering approach.

7.3.3 With these points in mind, the boroughs were of the view that partnering should initially be tested on a pilot basis with at least one provider and on the clear expectation that efficiencies would be achieved. Further discussions will take place on the precise nature of this pilot or pilots.

7.3.4 The pilot/s would be monitored and evaluated in terms of the experience and actual benefits of partnering in relation to SP services, and used to inform consideration of wider application of partnering in SP commissioning in the future. With this in mind, and in the knowledge that partnering often involves a greater initial outlay of resources than does standard contracting, the boroughs involved are likely to approach the London Centre of Excellence for further financial assistance with this project.

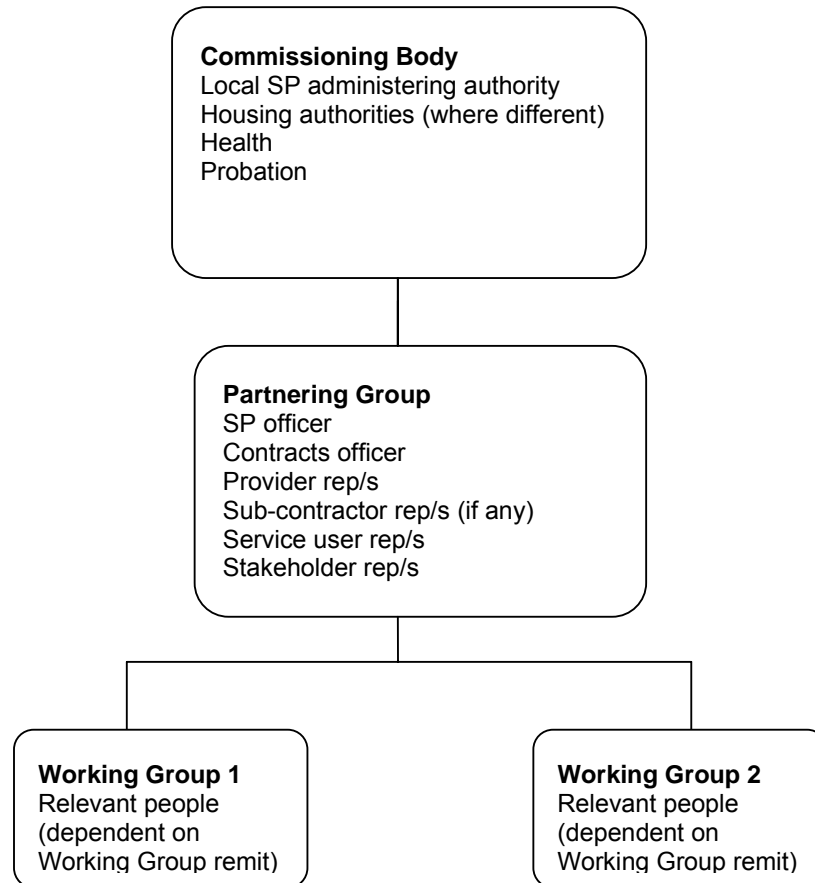
7.4 Promoting partnering and best practice commissioning more widely

7.4.1 There is a recognised need for wider appreciation of the benefits of partnering approaches, as well as for broader application of existing best practice in SP commissioning.

7.4.2 It is hoped that the PowerPoint summary of this project, attached as **Appendix F** to this report, will assist in such a process.

³ One example of a consortium providing SP services is SNAP (involving six providers, headed by Orwell Housing Association), working as one entity and to one contract and due to provide floating support services in Suffolk from June 2008.

Appendix A – A Partnering Structure



Appendix B – Action Plans for Partnering Procurement

[illegible]

Potential timescale (no. of weeks)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
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[illegible][illegible][illegible][illegible][illegible]

Grade	Number of Students
1st	32
2nd	30
3rd	28
4th	26
5th	24
6th	22
7th	20
8th	18
9th	16
10th	14
11th	12
12th	10

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Sport	Number of Students
Soccer	18
Basketball	12
Tennis	7
Volleyball	3

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Appendix C - Partnering Scoping Event Notes and Attendance

REPORT OF PARTNERING SCOPING EVENT

HELD AT MARY WARD CENTRE, CAMDEN, ON 24TH JANUARY 2008

Introduction

The event was introduced by Liz Zacharias (Interim Supporting People Lead Officer, RBKC), who set out the background to the project and introduced the presenters from Tribal, consultants for the project.

Presentations

(1) Partnering in Operation – Philip Rozee

Phillip defined partnering as “a management approach used by organisations to achieve specific business objectives by maximising the effectiveness of each participant’s resources”. It is based on a commitment to mutual objectives, an agreed method of problem resolution and a commitment to continuous improvement.

In discussing the core concepts, he stressed the importance of quality of outcomes, rather than a simple concern about cost, the integration of the customer (the service user) with commissioners and providers, and the recognition that providers ‘knew their subject’ and were equal partners.

Potential constraints could involve funding and other resources, probity, lack of leadership and corporate buy-in, problems with supply chain integration or people paying lip service to the concept rather than changing their behaviours.

Benefits that had been experienced from partnering in the construction and repairs sector had included improved quality outcomes, increased customer satisfaction, greater efficiency and quicker resolution of problems. Cost savings had been achieved too, but couldn’t be guaranteed at the outset, particularly as partnering may well involve some additional resourcing in its early stages and had been shown to take a while (2-3 years) to successfully bed in as staff take on, and get used to, new skills and practices.

After describing some examples of partnering in operation, he stressed that partnering was still a contractual arrangement; Public Contract Regulations needed to be followed and partnering documentation needed to be developed with care.

Tribal’s experience of partnering to date had shown that cost efficiencies were achievable in the medium term; major quality improvements could be realised; reductions in contract bureaucracy, process costs and staffing could be achieved; relationships with customers improved; and that partnering arrangements were more conducive to innovation than traditional contracting.

(2) The Potential for Partnering in Supporting People Services – Tristan Wood

Tristan began by setting out the background and context for this project – an exploration of how feasible and desirable partnering approaches might be for the commissioning of Supporting People services.

Five London boroughs were involved, but the work was funded by the London Centre for Excellence and there was potentially wider interest in the project’s outcomes. It had been decided to focus primarily on accommodation-based services for single homeless people because of the significant scale of such contracts within the five authorities, the desire to achieve further cost efficiencies in this

area and a concern that crude tendering might lead to an unwanted level of disruption to the sector, with unsuccessful support providers who are also landlords withdrawing their accommodation. Partnering, it was felt, might be a good means of going forward with existing providers under a commitment to continuous improvement (including delivery of efficiencies). It was also felt that the longer contract lengths usually associated with partnering would assist in developing commitments to stock remodelling or reprovision or new scheme developments.

He compared partnering's potential with traditional Supporting People contracting arrangements, highlighting a longer-term focus, open-book accounting (together with an acknowledgement that it was legitimate for providers to expect to make surpluses), increased risk-sharing amongst commissioners and providers, the involvement of other participants in the 'supply chain' (e.g. advice services, referral sources, housing associations providing properties and move-on accommodation). Partnering could offer providers greater involvement in strategic issues and could assist service improvements through increased sharing of problem resolution and best practice.

Partnering was a legitimate activity within local authorities' existing procurement strategies, which were essentially geared towards achieving 'the best quality service for the most efficient price'. However, local authorities needed to develop a persuasive business case to go down the partnering route.

Partnering was also in harmony with Local Area Agreements in that LAA's emphasised partnership (including with the third sector), joint commissioning and resource sharing, and focused on outcomes, transparency, value for money, and continuous improvement and encouraged financial reward.

From the discussions he had held with eight providers of support services to the single homeless, Tristan highlighted:

- all were open to the possibility of partnering initiatives
- providing surpluses were allowable, open book accounting was not viewed as problematic, at least with commissioners – there were some reservations about sharing financial information with other providers
- although there were some services that were already loss-making, providers in the main were of the view that cost savings would be attainable through partnering, e.g. through financial risk-sharing, reductions in surplus levels in return for greater business certainty
- there was enthusiasm for more of an outcomes focus on performance
- partnering was seen as lending itself to increased capital investment and innovation
- 5-6 years was considered an appropriate minimum period for contracting via partnering
- providers who were managing agents thought that their having partnering status would lead to more commitment from their property-owning housing associations
- there was particular enthusiasm for the prospect of cross-authority partnering arrangements
- the funding limitations on Supporting People budgets were viewed as significant constraints on financial flexibility under partnering
- there were concerns about partnering's impact on small providers if partnering was only realistic for organisations with over £1m of contracts
- some providers already had unsatisfactory experience of partnering in the construction and repairs field (where, in hindsight, commissioners and providers had tried to move too far too quickly)
- there were worries that partnering might end up involving even more bureaucracy than Supporting People has at present
- there were doubts about local authorities' readiness and motivation to embark upon Supporting People partnering – the latter was largely to do with increasing local authority resistance to importing and exporting service users in what had traditionally been cross-authority services.

Tristan closed his presentation with a vision of what partnering might be able to deliver. This involved a cross-authority approach by 2 or 3 Central London authorities, with standardised expectations and

processes for partnering providers, selected following an initial tendering exercise that immediately achieved some cost reductions but assured surpluses. Service monitoring was reduced, but a partnering body of commissioners, providers, service users and other key players in the 'supply chain' met regularly to discuss outcomes performance, problems and new ideas. There was information sharing and joint initiatives. Partnering status was retained simply by providers meeting performance expectations and demonstrating continuous improvement, repeat tendering only being necessary when this failed to happen. The most important outcome was that service users would experience improved and more relevant and successful services.

Workshops

Following the presentations and questions arising from the presentations, attendees were divided into three workshops (each comprising commissioners, providers and local authority procurement staff) and asked to consider 5 key questions:

- How can financial risk-sharing be best addressed and open-book pricing and accounting be achieved given Supporting People's financial constraints?
- Given partnering's outcomes focus, how hands-off can local authorities really be in terms of service/contract monitoring?
- What steps are needed as part of a partnering approach to reduce providers' current distrust of local authorities?
- What's the best starting point – single authority or cross-authority partnering?
- Is partnering of Supporting People services (a) desirable, and (b) achievable?

Workshop 1

Financial risk-sharing: In traditional partnering, if costs become tight, there are usually solutions, e.g. re-programming of works, but in SP services must be provided at all times and the environment of cuts to local SP budgets and a gradual move to a national allocations formula makes financial flexibility difficult to create. There was a view that partnering could be more effective than traditional commissioning (including the potential to drive down costs), but also a view that good practice in traditional contracting can include the kinds of benefits achieved through partnering, with wider application to small, as well as large, providers.

Outcomes and monitoring: There were some concerns that partnering might reduce bureaucracy for commissioners, but not for providers. Everyone was keen to move to outcomes, but it was felt the level of monitoring may not decrease. RBKC is currently developing a tool to measure 'distance travelled' with St Mungo's.

Reducing distrust: The group felt this had been exaggerated, but agreed mutual objectives/a joint vision would certainly be helpful, along with recognitions that each partner will have its own individual agenda.

Best starting point: Concern was expressed about the potential exclusion of small providers from partnering – perhaps there were ways of bringing smaller providers together. The more local authorities were involved, the more information could be shared, although there was also a view that a relatively small pilot (perhaps involving one or two authorities) would be a good starting point and one that could be monitored and built upon.

Desirable? Yes. Partnering arrangements might be a way of safeguarding SP monies at a time when ringfenced funding is removed. There needed to be recognition that benefits may come in the medium to long term rather than the short term.

Achievable? It involves cultural change, so there needs to be sufficient information and training about partnering. It probably needs to be tested to show it can work.

Workshop 2

Financial risk-sharing: There would need to be more openness with budget issues. Perhaps local authorities could set cash limits for services and the partners would then need to jointly manage within that. Could partnering accommodate needs changing during agreement periods? Services may need to be specified in detail so that a detailed service cost can be given (with understanding that if service changes later, the cost can be varied). From a providers' viewpoint, the cost of the risk of uncertainty is a significant issue. Open-book accounting must be based on trust and mutual objectives amongst all stakeholders.

Outcomes and monitoring: Local authorities are already becoming more hands-off and reliant on agreed outcomes. Partnering boards can act as a forum for discussing performance. Trust promotes a willingness amongst providers to raise and discuss performance issues, as does an absence of blame culture.

Reducing distrust: There were concerns about adopting different approaches to different providers and the risk to small providers from partnering – perhaps these could be addressed by appropriate packaging of contractors and recognising that different contracting approaches could be used for different types of services.

Best starting point: There needed to be an assessment of which services were best suited to partnering. There were doubts about a multi-authority approach being the best starting point when each authority was clearly at a different stage of commissioning and service development.

Desirable? Yes – in principle.

Achievable? Not sure. There was a view partnering may be more suited for other aspects of Supporting People than hostel accommodation. In any event, a lot of set-up work would be needed.

Workshop 3

Financial risk-sharing: There was a need to tender, with potential use of competitive dialogue throughout the process. TUPE was a key issue (contract stability, setting up costs and TUPE were still currently provider risks). Length of partnering term would help; it needed to be a minimum of 5 years but incorporate break clauses. Could there be incentivisation for providers to deliver cost savings within contracts? Dialogue between commissioners and providers was welcome.

Outcomes and monitoring: Local authorities felt they did pay and leave service delivery to providers already, but providers spoke of micro management. Most local authorities took account of risk levels and proportion in determining their monitoring arrangements. There were concerns about impact on smaller, BME providers and questioning as to whether sub-contracting worked (commissioners should also be aware of all sub-contracting arrangements). Nevertheless recognised there was a trend towards large-scale contracting, increasing importance of good contract monitoring. There were also limitations on SP teams' capacity to conduct monitoring (highlighting importance of initial contract meetings). There was enthusiasm for adoption of outcome based monitoring.

Reducing distrust: More of an issue of exacerbation of SP staff. Micro-management doesn't help. Local authorities want to work with pro-active providers who bring ideas to the table, and both sides needed dialogue on strategic needs and how best to meet them. Standardisation of commissioning

requirements and having joint outcomes targets across a number of local authorities would be helpful for providers.

Best starting point: Does partnering benefit joint commissioning and shared outcomes? It was felt that there was real potential for specialist services to benefit from a joint services/joint outcomes approach. Larger scale of cross-authority partnering may mean there is more scope for savings and for achieving changes to services.

Desirable? Not sure. It can change large-scale contracting, but will it benefit the service user? Much of the good practice aspects of partnering could be applied to traditional commissioning. It's positive that partnering allows for changes within contracted services.

Achievable? We're very close to it already in some areas, e.g. floating support framework agreements. Learning from service provision could be a more explicit aim in contracts.

Closing remarks

Liz Zacharias thanked attendees for their input, which would be reviewed in determining how best to take this project forward. A number of SP Team Leaders said they remained undecided as to whether a partnering initiative should take place. Tristan Wood said that, even if that didn't occur, the event had highlighted a number of useful best practice issues that could be taken forward within traditional contracting.

ATTENDANCE LIST

Name	Title	Organisation
Steve Doel	Directorate Procurement Manager	LB Hackney Community Services
Zorzan Zeljka	Supporting People Procurement Officer	LB Hammersmith & Fulham
Nuala Foley	Group Director of Housing, Care and Support	One Housing Group
Sunil Panchel	Contracts Manager, SP Team	LB Lambeth
Stephen Evans	SP Team	RB Kensington & Chelsea
Vasos Korkou	Head of Tenancy Support	Family Mosaic
Mike McCall		St Mungo's Community HA
David Evans		St Mungo's Community HA
Aly Bingham	Senior Strategic Commissioning Manager	LB Lambeth
Bill Tidnam	Head of Operations	Thames Reach
John Crowther	Director of Operations	Thames Reach
Louella Barrett	SP Team	LB Hackney Community Services
Toni Warner	Assistant Director	SHP
Liz Rutherford	Director	SHP
Mary Whifield	Deputy Director	Willow Housing and Care
Candace Bloomfield	Assistant Head of Procurement	LB Brent
Lee Buss	Chair	Brent Provider Forum
Varsha Mehta	Service Development Manager	LB Brent
Androulla Kyriacou		Notting Hill Housing Group
Kathleen Boyle	Director of Business Development	Look Ahead Housing and Care

Chris Hampson		Look Ahead Housing and Care
Susan Procter	Regional Director	ECHG
Rachel Soni	Senior Strategic Commissioning Manager - Supported Housing Community Services	LB Hammersmith and Fulham
Jonathan Lillistone	Supporting People Manager	LB Southwark
Helen Bedser	Head of Performance and Development	Hestia
Juliet Martin	Programme Team Manager	LB Camden
Pam Robinson	Chair	Camden SP Provider Forum
Zaid Dowlut	Category Manager, Strategic Procurement Unit	LB Camden
Frank Curran	Interim SP Lead Officer	LB Lewisham
Brian Matthews	SP Lead Officer	LB Camden
Liz Zacharias	Interim SP Lead Officer	RB Kensington & Chelsea
Helen Duckworth	SP Lead Officer	LB Brent

Appendix D – Contractual Arrangements for Partnering

NB: The following guidance is intended simply as an aid to drawing up partnering documentation. Any organisation embarking on a contracting initiative (including partnering) should take appropriate legal advice on the exact forms of documentation to be used.

Structuring Partnering Agreements

The construction industry has developed specific standard forms of contract for partnering arrangements as so many clauses had to be deleted from the more traditional forms of contracting. However, in Supporting People commissioning, it should be possible to make the service contract and the partnering arrangements compatible, so that a document like this, covering the agreed arrangements for partnering, sits alongside the Supporting People contract as a schedule:

TEAM WORKING AND PARTNERING ARRANGEMENT

1. PURPOSE

The purpose of this schedule is to provide a supplemental and complementary framework of provisions designed to encourage the parties to work with each other in relation to this Agreement in an open, co-operative and collaborative manner and in the spirit of mutual trust and respect with a view to achieving the objectives set out in paragraph 2 below.

2. OBJECTIVES

2.1 In addition to achieving the successful delivery by the Contractor of the Service in accordance with this Agreement the parties have the following additional objectives which they wish to achieve, by working together in accordance with the terms of this Agreement:

- 2.1.1 maximising the economic benefit to local communities;
- 2.1.2 involving Service Users at an early stage and throughout the Term, involving the Service Users as much or as little as the Service Users want;
- 2.1.3 engaging in genuine Service User consultation;
- 2.1.4 maximising the opportunity to innovate for improvement;
- 2.1.5 operating in a partnership which is open, transparent, auditable and based on mutual trust;

- 2.1.6 continuous improvement for efficient procurement and investment and sustainable service development;
 - 2.1.7 delivering a quality service;
 - 2.1.8 minimising risk;
 - 2.1.9 promoting joint problem solving;
 - 2.1.10 delivering on time;
 - 2.1.11 trust, fairness, dedication to common goals and an understanding of each others expectations and values;
 - 2.1.12 teamworking and consideration for others;
 - 2.1.13 improvements in quality, productivity, efficiency and value for money;
 - 2.1.14 improvements in environmental performance and sustainability and reductions in environmental impact;
 - 2.1.15 the avoidance of disputes;
 - 2.1.16 Commissioner satisfaction with all aspects of the Service; and
 - 2.1.17 enhancement of the Contractor's reputation and business opportunities.
- 2.2 Each party undertakes to the other to do all that it can, within its agreed role, expertise and responsibilities and in accordance with this schedule to pursue for the benefit of the Service and for the mutual benefit of parties:
- 2.2.1 reduced revenue costs;
 - 2.2.2 increased predictability;
 - 2.2.3 increased productivity;
 - 2.2.4 improved quality;
 - 2.2.5 increased Service User satisfaction; and
 - 2.2.6 any other targets identified in [*performance schedule*]

3. LEGAL STATUS OF THIS SCHEDULE

Whilst the parties hope to benefit from working together in the manner envisaged in this schedule it is not intended that it should in any way be legally or contractually binding or enforceable or be of any other legal or contractual effect or consequence. In particular, without in any way affecting the generality of the foregoing:

- 3.1 neither party shall have any liability to the other for any failure to perform or breach of the provisions of this schedule;
- 3.2 this schedule or the parties' commitment and/or adherence to the provisions of this schedule shall not in any way have any legal or contractual effect or bearing upon the formation, interpretation, application, administration, performance or enforceability of any of the other provisions of this Agreement or the exercise of any discretion which any person appointed to administer the Agreement might have in or about the administration of the Agreement; and
- 3.3 no adjudicator, arbitrator or court of law seized of any dispute or difference arising under or in connection with any of the Agreement shall in any way be influenced in their judgment or the exercise of any discretion by the parties' commitment and/or adherence to this schedule.

4. COLLABORATIVE WORKING

- 4.1 The parties will continually impress upon all personnel involved with this Agreement their keen desire to work with each other in an open, co-operative and collaborative manner and in a spirit of mutual trust and respect with a view to achieving the objectives of this Agreement.
- 4.2 To this end, the Commissioner and the Contractor agree that they will each report to the other, and will welcome any reports from the other, of any instances where the other party's personnel have been particularly helpful and/or collaborative and any instances in which the other party's personnel have not acted, or it is perceived that personnel have not acted, in an entirely open, co-operative or collaborative manner and/or in a spirit of mutual trust and respect with a view to achieving the objectives set out in this schedule.

- 4.3 The parties will at all times endorse and support collaborative behaviour and address behaviour which is not collaborative.

5. THE CONTRACTOR'S SUPPLY CHAIN

The Contractor will endeavour to ensure that all agents and Sub-contractors are made aware of, understand and are prepared to embrace and adhere to the principles of collaborative working envisaged in this schedule.

6. COMMUNICATIONS PROTOCOL

- 6.1 Without in any way detracting from or affecting the specific notice and communication requirements of this Agreement, the parties will endeavour to develop and agree a common communications protocol the key objectives of which will be the promotion of clear and effective communication and the dissemination and ready availability of information essential to the success of the work to be carried out by the Contractor pursuant to this Agreement.
- 6.2 In their communications with each other, the parties will at all times endeavour to keep things factual and to the point and will avoid self serving statements, assertions of blame and/or emotive or provocative language.

7. VALUE FOR MONEY

Without prejudice to clause 8 of this Agreement, the Contractor is encouraged to suggest changes to the works being undertaken pursuant to the Agreement which, if implemented, would result in financial benefits to the Commissioner. Such benefits may arise in the form of:

- 7.1 a reduction in the cost of the Service;
- 7.2 a reduction in the operating costs associated with the Service;
- 7.3 completion of any aspect of the Services at an earlier date or in a manner which will result in savings; and/or
- 7.4 any other financial benefit to the Commissioner.

8. TEAM APPROACH TO PROBLEM SOLVING

In the event of a technical and/or logistical problem arising in connection with any aspect of the Service, whatever the origins of the problem and whoever may be contractually responsible for the same, the parties will work together to try and find a solution to the problem which is safe and environmentally sensitive; minimises the affect on the Service and/or the quality and/or performance of the Service; and is acceptable to the Commissioner.

Other Key Schedules

Another key schedule will be the one covering the governance arrangements for the contract. A typical governance structure in a construction partnering contract has been shown at Appendix A and it will, of course, be up to each partnering arrangement to determine the number of Working Groups that may operate (if any). A Governance Schedule might look as follows:

GOVERNANCE

1. DEFINITIONS

In this schedule, the following terms have the meanings set out below:

"Group" means the Working Groups, the Core Group and the Pre-Commencement Meeting Group;

"Group Member" means the people appointed to each Group as set out in the Appendix to this schedule;

"Core Group" means the group established in accordance with this schedule for dealing with the matters described in paragraph **Error! Reference source not found.** of this schedule; and

"Working Groups" means each of the groups established in accordance with this schedule for dealing with the matters described in paragraph **Error! Reference source not found.** of this schedule.

2. INTRODUCTION

2.1 This schedule describes the procedures that will be used to manage the relationship between the Commissioner and the Contractor under this Agreement.

- 2.2 The objectives of each Group shall be to achieve the provision of the Service for the mutual benefit of the parties with the objective of achieving:
- 2.2.1 trust, fairness, dedication to common goals and an understanding of each other's expectations and values;
 - 2.2.2 finalisation of the required processes and timetables, to achieve the delivery of the Services in accordance with the terms of this Agreement;
 - 2.2.3 innovation, improved efficiency, cost-effectiveness, lean production and reduction or elimination of waste in the delivery of the Services;
 - 2.2.4 completion of the Services within the agreed time and price and to the agreed quality;
 - 2.2.5 measurable continuous improvement by reference to the Service Levels and Key Performance Indicators; and
 - 2.2.6 commitment to people including staff and service users.

3. PRE-COMMENCEMENT MEETINGS

From the Effective Date and up to the Commencement Date, the Pre-Commencement Meeting Group shall hold at least one regular monthly meeting to discuss the following matters in relation to the Service ("Pre-Commencement Meetings"):

- 3.1 mobilisation and operational issues;
- 3.2 staffing structure and an update on the progress of any transfers of staff to the Contractor pursuant to the Employment Regulations;
- 3.3 provision of information relevant to the Services; and
- 3.4 the provision of IT equipment and interfaces.

4. CONTRACT REPRESENTATIVES AND THE ESTABLISHMENT OF THE GROUPS

- 4.1 The Contractor and the Commissioner shall each appoint a Contract Representative in accordance with *[main contract clause reference]*.
- 4.2 The Agreement will be managed at day to day level by the Commissioner Representative and the Contractor Representative in accordance with the provisions of this Agreement.

4.3 Each of the Groups shall be established by the Commissioner and the Contractor under this Agreement and both the Contractor and the Commissioner shall be represented on them in accordance with the Appendix to this schedule.

4.4 The role of the Working Groups is more particularly set out in paragraph **Error! Reference source not found.** below.

4.5 The Core Group will be responsible for the executive management of the Service as set out in this Agreement and will:

4.5.1 provide senior level guidance, leadership and strategy in relation to the Agreement;

4.5.2 be the point of escalation from the Working Groups; and

4.5.3 carry out any specific obligations attributed to it in the Agreement.

The role and function of the Core Group is more particularly set out in paragraph **Error! Reference source not found.** below.

4.6 Both parties will ensure that appropriate resource is made available on a regular basis such that the aims, objectives and specific provisions of this Agreement can be fully realised.

5. GROUPS STRUCTURE & REPRESENTATION

5.1 The Appendix to this schedule describes in relation to each of the Groups:

5.1.1 the Commissioner members of each Group;

5.1.2 the Contractor members of each Group;

5.1.3 the frequency that each Group shall meet (unless otherwise agreed between the parties);

5.1.4 the location of each Groups' meetings; and

5.1.5 the planned start date by which each Group shall be established.

5.2 In the event that either party wishes to replace any Group Member, that party shall notify the other in writing of the proposed change for agreement by the other party (such agreement not to be unreasonably withheld or delayed). Notwithstanding the foregoing it is intended

that each Group Member appointed by the Commissioner has at all times a counterpart Group Member appointed by the Contractor of equivalent seniority and expertise.

- 5.3 Each party shall ensure that its Group Members shall make all reasonable efforts to attend the meetings of that Group at which that Group Member's attendance is required. If any Group Member is not able to attend a Group meeting, that person shall use all reasonable endeavours to ensure that:

5.3.1 a delegate attends the relevant Group meeting in his/her place who (wherever possible) is properly briefed and prepared; and

5.3.2 that he/she is debriefed by such delegate after the Group meeting.

- 5.4 A chairperson shall be appointed by the Commissioner for each of the Groups as identified in the Appendix in this schedule. The chairperson shall be responsible for:

5.4.1 scheduling that Group's meetings;

5.4.2 setting the agenda for that Group's meetings and circulating it to all attendees in advance of such meeting;

5.4.3 chairing that Group's meetings;

5.4.4 monitoring the progress of any follow up tasks and activities agreed to be carried out following that Group's meetings;

5.4.5 ensuring that minutes for Group meetings are recorded and disseminated electronically to the appropriate persons and to all Group meeting participants within seven Working Days after the relevant Group meeting; and

5.4.6 facilitating the process or procedure by which any decision agreed at any Group meeting is given effect in the appropriate manner.

- 5.5 Group meetings shall be quorate as long as at least one representative from each party as set out in the Appendix to this schedule is in attendance.

- 5.6 The parties shall ensure, as far as reasonably practicable, that all Groups shall as soon as reasonably practicable resolve the issues and achieve the objectives placed before them. Each party shall use endeavours to ensure that Group Members are empowered to make

relevant decisions or have access to empowered individuals for decisions to be made to achieve this.

5.7 Decisions of the Groups (save as otherwise provided in this Agreement and in particular under paragraphs 0 and **Error! Reference source not found.** below) shall be taken by unanimity. Each of the Commissioner and the Contractor shall (subject to paragraph 0 and **Error! Reference source not found.** below) irrespective of the number of members at any meeting of any Group have one vote each on matters to be discussed.

5.8 Disputes shall be resolved in accordance with Schedule 13 (Dispute Resolution Procedure).

6. ROLE OF THE WORKING GROUPS

6.1 A separate Working Group shall be set up to deal with each of the following areas:

[list as relevant];

6.2 Each of the Working Groups shall be responsible for the following matters which relate to the particular aspect of the Service which that Working Group deals with:

6.2.1 monitoring quality assurance and Service Levels and Key Performance Indicators;

6.2.2 monitoring the Service delivery and financial performance of the Contractor and monitoring and resolving financial queries;

6.2.3 identifying labour and training initiatives and discussing the implementation of any such initiatives;

6.2.4 ensuring that wherever possible service user involvement and consultation is carried out in respect of any changes and/or improvements to the Service or any part thereof;

6.2.5 reviewing supply chain and general provision of the Service including best practice;

6.2.6 all general health and safety matters which may apply to the Services;

6.2.7 reporting to the Core Group on:

6.2.7.1 significant issues requiring decision and resolution by the Core Group and

6.2.7.2 progress against high level plans;

- 6.2.8 producing reports for the Core Group on matters such as issues relating to delivery of the existing Service and performance against Service Levels and Key Performance Indicators, progress and possible future developments;
- 6.2.9 reviewing and reporting to the Core Group on Service management, co-ordination of individual projects and any integration issues;
- 6.2.10 consider and endeavour to resolve any disputes which have been notified in writing to the Working Group at least five Working Days prior to the meeting and which disputes are appropriate to be resolved by the Working Group; and
- 6.2.11 any other matters as may be directed by the Core Group from time to time.

7. ROLE OF THE CORE GROUP

7.1 The Core Group shall:

- 7.1.1 be responsible for the comprehensive oversight of the operation of this Agreement and the senior management of the operational relationship between the parties;
- 7.1.2 ensure that this Agreement is operated throughout the Term in a manner which optimises the value for money and operational benefit derived by the Commissioner and the commercial benefit derived by the Contractor;
- 7.1.3 deal with strategic and operational issues relating to the Service;
- 7.1.4 receive and review all reports from the Working Groups (including Performance Monitoring Reports);
- 7.1.5 determine business strategy and provide guidance on policy matters which may impact on the implementation of the Service;
- 7.1.6 consider and resolve disputes (including disputes as to the performance of the Service and differences as to any application for payment by the Contractor and valuation of the same by the Commissioner) escalated by the Working Groups to the Core Group;
- 7.1.7 deal with the prioritisation of resources on behalf of the parties;
- 7.1.8 develop operational/supplier relationships and ensure the implementation of the same;

7.1.9 identify measures which can be taken by either or both parties to assist the Contractor to deliver the Services required under the Agreement cost effectively;

7.1.10 quarterly monitoring of the Service Levels and Key Performance Indicators and payment of any Credit Retention in accordance with the provisions of schedule 3 (Service Levels) and schedule 9 (Charging and Invoicing);

7.1.11 review and amend the Service Levels and Key Performance Indicators;

7.1.12 have ultimate responsibility for all health and safety matters arising out of the Service and as may be identified to it by any of the Working Groups from time to time; and

7.1.13 examine opportunities for innovation and where any such innovation leads to a cost saving without compromising the quality of the Service, unless otherwise agreed by the Core Group, the savings that can be attributed to the innovation shall be shared equally between the Commissioner and the Contractor.

7.2 The Core Group shall not be bound by any decisions made by a Working Group and shall at all times retain the power to overrule or change any decisions made by any of the Groups.

8. CONTRACT MANAGEMENT MECHANISMS

8.1 Both parties will pro-actively manage risks attributed to them under the terms of the Agreement.

8.2 The Contractor will at all times during the Term develop, operate, maintain and amend, as agreed with the Commissioner, processes for:

8.2.1 the identification and management of risks. The project risk register will be completed by the Contractor and submitted for review by both parties to the Core Group;

8.2.2 the identification and management of issues;

8.2.3 monitoring and controlling project plans;

8.2.4 value for money and best practice; and

8.2.5 document control and management.

9. ANNUAL REVIEW

- 9.1 An annual review meeting shall be held, on a date to be agreed between the parties, throughout the Term to discuss the overall operation of this Agreement during the previous Year.
- 9.2 The meetings will be attended by the [*Note: Insert title of appropriate person*] of the Contractor and the [*Note: Insert title of appropriate person*] of the Commissioner and any other persons considered by the Commissioner necessary for the review.

A Dispute Resolution Schedule can be another key part of partnering arrangements. It may look as follows:

DISPUTE RESOLUTION

- 1.1 If any party becomes aware of any dispute that party shall give notice of such dispute in writing to the other party at least [*period*] prior to the next Working Group or Core Group meeting, as appropriate having regard to the nature of the dispute.
- 1.2 Where the dispute is considered suitable to be considered at the next Working Group meeting, representatives of the parties shall endeavour either to settle the dispute or to agree an appropriate course of action with a view to achieving a settlement of the dispute which is acceptable to both parties.
- 1.3 Where the parties cannot reach agreement through the procedures set out in paragraph 0 or where a party acting reasonably considers the dispute is unsuitable for resolution by the Working Group the dispute shall be referred to the next Core Group meeting (provided that there is an intervening period of at least [*period*] from receipt of the written notice referred to at paragraph 0 or from the date of any Working Group meeting where the dispute is discussed referred to at paragraph 0) and the parties shall endeavour either to settle the dispute or to agree an appropriate course of action with a view to achieving a settlement of the dispute which is acceptable to both parties.
- 1.4 Where the application of the procedures under paragraphs 0 and 0 do not achieve a solution which is acceptable to the parties they shall convene a meeting between the

Commissioner's chief executive and a director of the Contractor with designated responsibility for this Agreement at no more than *[period]* notice, notifying them of all available information regarding the dispute and inviting all involved representatives of the parties, who shall attend the meeting and make constructive proposals in seeking to achieve an agreed solution to the notified dispute.

- 1.5 The procedures under paragraphs 0, 0, 0 and 0 are without prejudice to the rights of any party involved in any dispute to refer it to adjudication save that in the event a party commences adjudication without first exercising the procedures under paragraphs 0 and 0 ("Escalation Process") that party shall pay the entirety of the adjudicator's fees and expenses and the other party's reasonable costs of dealing with the adjudication.
- 1.6 The adjudicator to decide the dispute shall be either a person agreed by the parties or, on the application of the party who is seeking the appointment of the adjudicator, an individual nominated as the adjudicator by the *[organisation name]*.
- 1.7 The right to refer any dispute to adjudication shall be without prejudice to the right of either party to refer any dispute to be determined by legal proceedings save that such legal proceedings shall not be commenced unless and until the Escalation Process under paragraph 0 and 0 have been exercised.

The Service Contract

In the main contract, there should be reference to the team working and partnering schedule, e.g.:

The parties confirm in the spirit of partnering that they intend to give effect to the provisions of *[team working and partnering schedule reference]*

The contract should encourage the provider to exceed the service standards set out in the contract documentation, e.g. through wording like:

The Contractor shall provide the Service so as to meet or exceed the Operating Service Levels in respect of the Measured Services and the KPI targets in respect of the Monitored Services.

The contract should also reflect that it is intended to continually improve the service through the life of the contract, e.g. through clauses like:

With effect from the anniversary of the Commencement Date and annually thereafter, the Core Group shall review the Service Levels, the Retention Credits and KPIs in accordance with *[governance schedule reference – see above]* throughout the Term and make any changes

in accordance with the Change Control Procedure to reflect changes in the Commissioner's requirements as one of the Commissioner's aims is to continually improve the levels of service.

and:

The Contractor is obliged on an ongoing basis throughout the Term to identify new or potential improvements to the Service. As part of this obligation the Contractor shall identify and report to the Core Group at each meeting of the Core Group on the emergence of new and evolving relevant technologies or practices which could improve the Service, new or potential improvements to the Service including the quality and responsiveness, or changes in business processes and ways of working that would enable the Service to be delivered at lower costs and/or at greater benefits to the Commissioner.

The Commissioner's ability to audit service finances should be expanded in the contract to reflect the partnering objectives, e.g.:

to verify the accuracy of the Charges (and proposed or actual variations to them in accordance with this Agreement), any cost reduction and income generation initiatives carried out pursuant to clause 8 (Services Improvement), and/or any other costs relating to the Services.

The main contract also needs to reference (in outline terms – the details will be contained in a schedule) the financial arrangements that the parties have agreed to as part of the partnering approach.

Partnering on a Cross-Authority Basis

The contractual issues that apply to partnering on a cross-authority basis are common to those that apply to traditional cross-authority contracting.

Experience to date, particularly with regard to the West London Framework Agreement, suggests that cross-authority commissioning is best achieved via a lead local authority, acting on behalf of a number of other authorities. The participating local authorities should participate in the commissioning through an agreed protocol, and each authority should ensure it has a nominated lead person to act and take decisions on its behalf.

It will be important to be clear about the desired approach at the point when a business case is being considered for partnering.

Appendix E – Some SP Commissioning Scenarios

Towards the end of the partnering project, SP Lead Officers expressed a wish to test some potential scenarios against local authority procurement practices. The following scenarios were subsequently discussed with Procurement contacts. The 'end results' shown below are all intended to demonstrate value for money being achieved, and all the scenarios relate to accommodation-based support.

SCENARIO 1

An RSL who is also the support provider says it wishes to remodel and improve/reprovide its supported housing through either its own capital investment or by obtaining Social Housing Grant from the Housing Corporation. But, in order to commit to this investment of funding and effort, it requires a guarantee it will remain as the support provider for a specified number of years.

End result: In return for an extension of existing support arrangements for a specified period, a better living environment is produced for service users. The disruption of a new support provider being appointed midway through the property improvement/development process is avoided.

SCENARIO 2

An RSL who is also the support provider says it wishes to remodel and improve/reprovide its supported housing through either its own capital investment or by obtaining Social Housing Grant from the Housing Corporation. But, in order to commit to this investment of funding and effort, it requires a guarantee it will remain as the support provider for a specified number of years. It is also prepared to negotiate around its current SP grant in return for the greater certainty of business such an agreement would involve.

End result: In return for an extension of existing support arrangements for a specified period, a better living environment is produced for service users and a reduction in current revenue costs is achieved. The disruption of a new support provider being appointed midway through the property improvement/development process is avoided.

SCENARIO 3

An RSL says it wishes to remodel and improve/reprovide its supported housing through either its own capital investment or by obtaining Social Housing Grant from the Housing Corporation. But, in order to commit to this investment of funding and effort, it requires a guarantee its present management agent will remain as the support provider for a specified number of years.

End result: In return for an extension of existing support arrangements for a specified period, a better living environment is produced for service users. The disruption of a new support provider being appointed midway through the property improvement/development process is avoided.

SCENARIO 4

An RSL says it wishes to remodel and improve/reprovide its supported housing through either its own capital investment or by obtaining Social Housing Grant from the Housing Corporation. But, in order to commit to this investment of funding and effort, it requires a guarantee its present management agent will remain as the support provider for a specified number of years. The management agent has expressed a willingness to negotiate around its current SP grant in return for the greater certainty of business such an agreement would involve.

End result: In return for an extension of existing support arrangements for a specified period, a better living environment is produced for service users and a reduction in current revenue costs is achieved. The disruption of a new support provider being appointed midway through the property improvement/development process is avoided.

SCENARIO 5

An RSL or managing agent support provider offers a significant reduction in SP grant revenue costs on schemes it is currently involved in, in return for the local authority offering a longer-term contract.

End result: The existing support provider is retained for a longer period, but cost reductions are achieved against existing scheme costs.

SCENARIO 6

An RSL or managing agent support provider offers to reduce SP grant revenue costs on schemes it is currently involved in over time so that they compare well with benchmarked costs. In order to achieve this, it wants the local authority to offer it a longer-term contract.

End result: The existing support provider is retained for a longer period, but with the promise of cost reductions being made so that the schemes achieve an improved cost benchmarking profile within a defined timescale.

SCENARIO 7

An RSL or managing agent support provider offers to move to open-book accounting in return for a longer term contract and an acceptance of a minimum level of surplus being achieved. Initial discussions regarding open-book accounting indicate that cost savings look likely to be achieved, at least in Year 1.

End result: The existing support provider is retained for a longer period, but cost savings are achieved in Year 1 and may also occur in subsequent years.

Appendix F – A PowerPoint Summary of This Project

Commissioning Supporting People Services Through Partnering

A project involving five London boroughs

Services for life

- Tribal was commissioned by RB Kensington & Chelsea to advise them and the London Boroughs of Brent, Camden, Hackney and Lambeth on the feasibility of commissioning Supporting People services through partnering
 - The work included specific examination of the scope for partnering with single homeless support providers
 - The project was funded by the London Centre of Excellence
 - This presentation is aimed at assisting wider dissemination of the project's findings
-

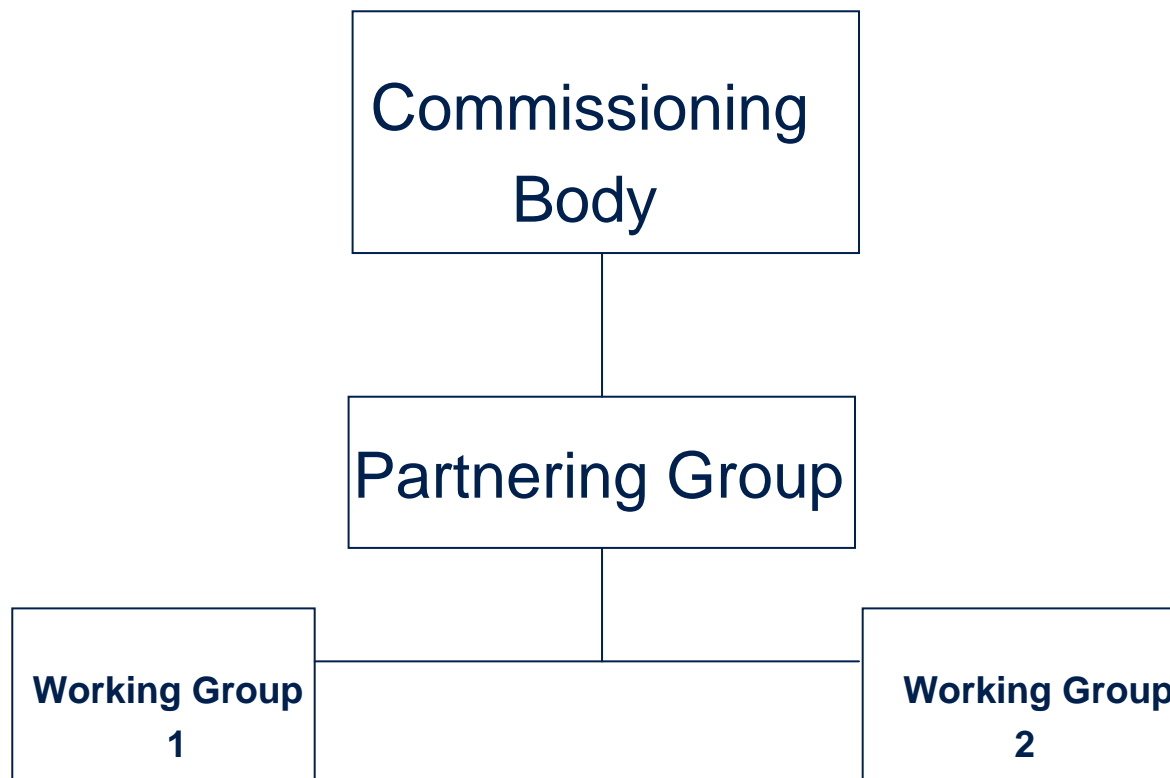
What is Partnering?

- Partnering is a management approach used by organisations to achieve specific business objectives by maximising the effectiveness of each participant's resources
 - It has been used successfully in the public sector, particularly in relation to construction and repairs services
 - It is based on:
 - a commitment to mutual objectives
 - an agreed method of problem resolution
 - a commitment to continuous improvement
-

The Core Concepts of Partnering

- Moves away from a narrow obsession with cost
 - Quality of outcomes is a key driver
 - Openness and trust
 - Fairness
 - Predictability
 - A shared approach to risk management
 - Links to Best Value - utilises continuous improvement and innovation
 - Teamwork - sharing expertise and experience
 - Integration of the customer and supply chain
 - Each party does what it's best at
-

A Typical Partnering Structure



- Improvements in quality
 - reinforces quality driven agenda
 - clear agreed targets and objectives
 - eliminates inefficiency
 - demonstrates continuous improvement
 - leads to higher service user satisfaction
 - Improvements in cost
 - reduces business risk elements
 - 'open book' approach to costs
 - introduces cost efficiencies/improved use of funds
 - can lead to cost savings
 - Improvements in problem resolution
 - early resolution at lowest possible level
-

- Funding and resources
 - Timescale (introduction and benefits realisation)
 - Probity
 - Opportunity or threat?
 - Commissioner/provider distrust
 - Lip service
 - Lack of leadership & corporate or cross-authority buy-in
 - Customer and supply chain integration
 - Supporting People client groups or service types
-

- Relatively short-term commitments
 - Individual service focus
 - Fixed unit prices
 - Variable price uplift arrangements (inc. none)
 - Risks left largely to providers
 - Performance measured by inputs (moving to outcomes)
 - Traditional commissioner/provider roles
 - Limited strategic role for providers
 - Little sharing of best practice
-

- Longer-term contractual arrangement
 - Focus on outcomes instead of inputs
 - Open book accounting (inc. price variations)
 - Greater sharing of risks
 - Partnership approach
 - Focus for 'sub-contractors' (i.e. other stakeholders) too
 - Commitment to continuous improvement
 - Strategic remit for providers as well as commissioners
 - Sharing of problems and best practice
-

- LAA's have performance management focus
 - Emphasis on partnership
 - 3rd Sector involvement in Local Strategic Partnership and in sub-groups
 - Expectation of 3-year funding as norm
 - Joint commissioning and resource sharing
 - Multi-Area Agreements (focusing on economic prosperity) can be used across authorities
 - Partnering focus on partnership, outcomes, info sharing, transparency, value for money, continuous improvement, peer challenge & rewards in harmony with LAA ethos
-

1. Establish and win approval for business case
 2. Publish OJEU tender notice & issue pre-qualifying questionnaire
 3. Evaluate expressions of interest and shortlist
 4. Draw up detailed contracting proposals
 5. Resolve TUPE issues (if any)
 6. Tender to shortlisted providers
 7. Evaluate tender returns
 8. Possible negotiations with successful provider/s
 9. Sign contract & publish OJEU award notice
-

- Very much in favour of partnering
 - Particularly attracted to prospect of cross-authority partnering
 - Comfortable with 'open book' arrangement with commissioners, but surplus generation needs to be acceptable
 - Wanted minimum 5-year contracting (could include break clauses)
 - Felt increased business certainty & 'open book' approach likely to deliver cost savings
 - Liked increased flexibility + scope for innovation
-

- Concerns about resourcing implications
 - Do not expect cost savings in short term
 - Supporting People market relatively immature
 - Consequently think partnering best suited:
 - where major capital investment needed for new services
 - where existing client group services in need of major changes
 - where significant, large volume assets are involved
 - 5 boroughs to discuss setting up partnering pilot/s
-

You can apply many of the benefits of partnering to standard Supporting People contracting, e.g.:

- Extended term contracts
 - A performance focus on outcomes
 - Involving providers in strategic considerations
 - Bringing providers and other stakeholders together to improve services and co-ordination between services
 - Inclusion of continuous improvement expectations
 - A method of sharing & learning from problems and best practice
-

Further Information on Partnering & Best Practice in SP Commissioning

- London Centre of Excellence/Regional Efficiency & Improvement Partnership:
www.lcpe.gov.uk
 - Office of Government Commerce:
www.ogc.gov.uk
 - SP National Value Improvement Project:
davidepowell@communities.gsi.gov.uk
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