

Framework for commissioning the third sector



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Our vision

Milton Keynes Council is committed to working with the third sector to reach out to and empower communities (geographic or communities of interest).

The council will encourage the third sector to take on a wider range and larger volume of public services, either through effective commissioning leading to 'contracts' or grant aid to existing organisations, or by encouraging social enterprise, employee-owned co-operatives etc.

We recognise the role of, and will work with, the third sector to mobilise citizens to play a more active part in society, through volunteering, philanthropy, engaging with local organisations etc.

1 Introduction

- 1.1 The purpose of this document is to set out the Milton Keynes framework for commissioning the third sector. It will also provide a description of the commissioning process outlining the principles of good commissioning. This will provide an opportunity for all relevant partners and stakeholders to influence and shape future commissioning.

2 Background

- 2.1 There is a recognition by Milton Keynes Council of the role the third sector plays in ensuring the delivery of services, promoting social inclusion, policy shaping and developing strategy. The third sector is a key element in the council achieving its objectives.
- 2.2 The Third Sector Review, commissioned by Milton Keynes Local Strategic Partnership Executive, led to the publication in December 2009 of a report entitled 'Working Together', which included observations on how the council and third sector can work more effectively together. The commissioning framework set out in this document represents an important outcome of that review.
- 2.3 The definition used in this document for the third sector is, "voluntary organisations and community groups (both registered charities and other organisations), social enterprises, faith based groups, mutuals and co-operatives" who:
 - are independent of national, regional, and local government
 - are 'value driven'- that is they pursue economic, social or environmental objectives rather than primarily aiming to make a profit

3 What is commissioning?

- 3.1 This framework will seek to establish a shared understanding and common principles.
- 3.2 Commissioning is the process for deciding how to use the total resource available in order to improve outcomes and outputs in the most efficient, effective, fair and sustainable way.
- 3.3 In order to ensure a consistent and transparent approach to commissioning a clear methodology will be employed. This will be largely based upon the commissioning cycle of Plan, Secure, Monitor and Review.
- 3.4 A brief description of the activity carried out at each stage of the commissioning cycle is described as follows:

Planning is the process of identifying and prioritising need and understanding the gaps in service provision.

The prioritisation of need will also: invoke the council's strategic objectives; ensure statutory duties are discharged; encompass budgetary issues; create opportunity for the involvement of current and prospective service users.

Securing is a key element in the commissioning cycle. It is where outcomes are defined and the method of commissioning is determined.

Monitoring is mainly concerned with the achievement of specified outcomes. Outcomes should be measurable and will normally be presented as performance indicators.

Reviewing is part of the monitoring process and encompasses overall performance over the year in terms of achieving outcomes and quality. User feedback should form part of the review process.

4 Commissioning with the third sector

Why a Framework?

- 4.1 The 'Working Together' report, and follow up work with stakeholders, stated that improving commissioning was particularly high on the agenda. It is essential that the third sector can be commissioned to deliver services through a system that: ensures needs, priorities and outcomes are identified; ensures the most appropriate providers are chosen; and ensures value for money. The framework will be the vehicle to ensure better outcomes, for individuals and the wider community, through effective commissioning.

What will it involve?

- 4.2 A commissioning framework provides, amongst other things, a consistent approach, enables transparency and demystifies the commissioning process. A clear commitment to embedding the eight principles of good commissioning is required, these are:
- Understanding the needs of users and other communities by ensuring that, alongside other consultees, you engage with the third sector organisations, as advocates, to access their specialist knowledge.
 - Consulting potential provider organisations, including those from the third sector and local experts, well in advance of commissioning new services, working with them to set priority outcomes for that service.
 - Putting outcomes for users at the heart of the strategic planning process.
 - Mapping the fullest practical range of providers with a view to understanding the contribution they could make to delivering those outcomes.
 - Considering investing in the capacity of the provider base, particularly those working with hard-to-reach groups.
 - Ensuring contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including considering sub-contracting and consortia building, where appropriate.
 - Ensuring long-term contracts and risk sharing, wherever appropriate, as ways of achieving efficiency and effectiveness.
 - Seeking feedback from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.
- 4.3 In order to achieve this, a clear process of engagement with the third sector will be crucial. Through ensuring dialogue takes place with the third sector a consultation process will be defined.
- 4.4 The following sets out how the council plans to ensure that each stage of the commissioning cycle is as transparent and fair as possible and is proportionate to the size of activity.

Plan

- 4.5 We will make full use of strategic and themed partnerships, views of individual providers and collective bodies including user groups and other service user feedback.
- 4.6 The commissioners will gather evidence from reviews and surveys, evaluate performance data from current providers, analyse demographic data, refer to government guidance and locally defined strategic objectives, seek advice from regulatory bodies and in certain circumstances undertake information gathering events and meetings to supplement knowledge.

Through the provision of evidence from the above process, needs can be appropriately analysed and prioritised.

Secure

Specification

- 4.7 The design of specifications will be based upon discussions centred on achieving outcomes. Through a range of project groups, provider forum and discussions with individual providers/organisations specifications will be determined and clearly outcome focused. It will build on the evidence gathered regarding the identification and prioritisation of need.
- 4.8 Specifications will be in a clear, standardised format and will as a minimum provide the following:
 - The scope of the service to be specified including any aims and objectives
 - The requirements of the service, defined through measurable outcomes, to be achieved
 - The monitoring, evaluation and review processes involved
 - Financial information

Service specifications should be proportionate to the size and scope of the service and written in plain English.

Method of commissioning

- 4.9 Two methods of commissioning are used: one is procurement through a tender process and the other grant funding which is a simpler competitive or bidding process for small projects.
- 4.10 *Procurement* through tender is where a contract to be awarded with a total lifetime value in excess of £25,000 is secured through a competitive tendering process.
- 4.11 Where the total lifetime contract value is below £25,000 a request for quotations process will be undertaken.
- 4.12 Contractual agreements are based upon a contract price and are legally enforceable. Terms and conditions that form contractual agreements should clearly define payment terms.
- 4.13 The procurement process:
 - ensures that there is the prospect of contestability

- ensures that the service has clearly defined measurable outcomes
 - is applicable whether the service is a statutory obligation or not.
- 4.14 In addition where the European Union's procurement rules apply a competitive tendering process is almost always required.
- 4.15 *Grant funding* is used to enable an organisation to exist, with no requirement for them to deliver a tangible return. Grants will be allocated on the basis of the corporate grant funding process.
- 4.16 Third sector organisations may be grant funded for specific projects. In these cases an application for grant funding will need to be submitted; the council will aim to be as explicit as possible about expectations.
- 4.17 The following key elements also apply to both procurement through tender and grant funding:
- Standardised documentation will be used by the council for all methods of commissioning.
 - A named council officer will be the point of contact.
 - The process will be proportionate to the value of funding/contract.
 - All commissioning activity will be compliant with Milton Keynes Council's financial and procurement procedures.

Developing capacity and encouraging opportunities

- 4.18 All providers are a resource for commissioners and effective commissioning recognises the need to work in partnership with providers to ensure an efficient and sustainable market.
- 4.19 The council will ensure that the procurement process is accessible to all third sector organisations. Through existing partnership arrangements and the implementation of this commissioning framework a stronger relationship will be developed with the third sector.
- 4.20 Consistency will be assured whilst being flexible to the needs of the third sector. This will include ensuring that any prospective commissioning activity involves the third sector in:
- identifying and prioritising need
 - encouraging collaboration, partnership and consortia as a means of securing contracts
 - offering support to develop organisational understanding of procurement processes subject to negotiation
 - developing innovative approaches to contracting, including offering larger contracts in separate lots and encouraging where appropriate sub-contracting.

Monitor

Monitoring requirements

- 4.21 The council recognises that monitoring will be proportionate to the size and value of the contract or grant. It will ensure that it is explicit as to what the monitoring requirements are from the contract award or commencement of grant funding. This will include:
- knowledge of the type of monitoring activity e.g. visits, meetings, reports
 - the provision of information, where possible, in a standardised format e.g. a minimum data set

- a clear understanding of performance indicators against which performance will be monitored
- the frequency of reporting, visits etc. It is expected that for most contracts this will be a maximum of quarterly
- clear rationale for increased monitoring
- clear and unambiguous feedback following monitoring activity.

Performance concerns

- 4.22 Where there are performance concerns it is anticipated that these will be raised as soon as possible. Concerns that have been raised should be addressed in a collaborative way. To ensure improvement it is expected that actions, timescales etc. will be jointly negotiated and agreed.
- 4.23 Although it is expected that monitoring will identify performance concerns it may be that issues are brought to the fore through, for example, a high level of complaints, safeguarding concerns, regulatory intervention. The council will work with other agencies to ensure that services are safe and of sufficiently high quality.
- 4.24 Early termination of contracts or grant funding should be considered the absolute last resort and only after all other options have been explored.

Service reviews may be as a result of a contract reaching its conclusion or it may be due to other factors such as legislative or policy change. The review function will provide an in depth analysis of a commissioned service or a range of services. Most importantly it will, along side routine contract monitoring activity, contribute to the needs analysis for the future commissioning of services.

Review

Annual review

- 4.25 The evaluation of service provision either contracted or grant funded will be undertaken periodically, but not less than annually. Annual reviews will form part of the monitoring process and will encompass overall performance over the year in terms of achieving outcomes and quality. User feedback will form part of the annual review.

Service review

- 4.26 The focus of a service review will be on the following aspects:
- Analysing data from individual contracts (one or several) involved in a particular service provision.
 - Reviewing the effectiveness of services through outcomes achieved.
 - Developing a clear understanding of success in value for money terms.
 - Determining any required changes to strategy and the overall strategic relevance a service has.
- 4.27 The service review function will be key to ensuring that the future commissioning of services is in tune with policy and strategic objectives. It is intrinsic in the process of identifying needs and priorities.
- 4.28 In undertaking a service review each third sector organisation involved in the process will be given notice of at least three months, provided with clear terms of reference and given

the opportunity to fully contribute to the process. At the same time it is anticipated that access will be given to user information such as satisfaction surveys and relevant financial data, whilst always respecting confidentiality.

5 Decommissioning

5.1 There are several reasons for decommissioning of services for example:

- Contractual requirements being unfulfilled
- The provider is no longer able or desires to deliver the service
- Financial constraints
- No longer meet the council's strategic objectives

5.2 The process of decommissioning, wherever possible, will be planned. It will aim to be sensitive to the needs and wishes of service users. It will include consideration of the position of employees. Reference will be made to contractual documentation where applicable.

5.3 The process of decommissioning will involve service users, service providers and other stakeholders to ensure all views are considered. During the course of a decommissioning process impact assessments will be undertaken.

6 Conclusion

6.1 The framework is intended to be used by all directorates across Milton Keynes Council. The range will include everything from large public works such as commissioning waste disposal to the purchase of individual care placements for children.

6.2 The framework will be reviewed every twelve months.

www.milton-keynes.gov.uk/mk-socialcare

Date issued: January 2011
Review date: January 2012
Prepared by: Amanda Farr & Mick Hancock

Milton Keynes Council
Saxon Court
502 Avebury Boulevard
Central Milton Keynes
MK9 3HS

T 01908 253233

E Amanda.Farr@milton-keynes.gov.uk

E Mick.Hancock@milton-keynes.gov.uk