Commissioning for better outcomes

Understanding local authority and voluntary sector experiences of family services commissioning in England

Jessica Cundy, July 2012
About the Family Strategic Partnership

The Family Strategic Partnership (FSP) is a consortium of four organisations (Barnardo’s, Action for Prisoners’ Families, Children England and The Family and Parenting Institute) that have come together to share their vision and experience in the family voluntary, community and social enterprise sector (VCSES). The FSP is led by UK children’s charity Barnardo’s and works in partnership with the Department for Education (DfE) and the VCSES across England.

Acknowledgements

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1. Executive summary

Overview of the research
This report presents the findings of research conducted during spring 2012 by the Family Strategic Partnership (FSP) with local authorities and the voluntary, community and social enterprise sector (VCSES) in England. Using surveys, in-depth telephone interviews and an expert roundtable event, the FSP has sought to understand experiences of family services commissioning from both perspectives. The research objectives were:
- to identify barriers to voluntary sector participation in the local authority commissioning process
- to highlight examples of promising practice, and
- to recommend policy and practice solutions.

The FSP recognises that many of the issues identified in this report will not come as a surprise to the sector; however, the research deliberately focused on small and medium-sized VCSES organisations working with families to build an evidence base of their experiences of the commissioning process.

Key findings
This report presents a picture of a shifting landscape as local commissioning practices evolve to increase the use of competitive tendering as an approach to improving efficiency. It shows that local authorities are trying to innovate and improve the efficiency of their commissioning processes – such as through the introduction of payment by results (PbR) contracts – at the same time as balancing the impact of ongoing budget cuts. It shows a family voluntary sector in transition, learning how to best engage with new local models of commissioning, and highlights both successes and challenges for the future.

In many cases, local authorities and the VCSES both reported that less than a quarter of family services contracts were currently awarded to the voluntary sector. This, combined with the impact of inconsistent funding and service closures, signals a real concern that central and local government ambitions for opening up the market to more VCSES providers may not be achieved.

One of the key factors acting as a barrier to VCSES entry into a competitive tendering environment is the moral dimension of the sector. Unlike the private sector, voluntary, community and social enterprise organisations are not primarily driven by profit; they also have a moral obligation to support families in need. This tension can make it difficult for the sector to compete against private providers in selection processes that prioritise cost, particularly in the present climate. In addition, not-for-profit organisations may be best placed to deliver the outcomes for families that the local authority requires, but unable to compete on price or take on a PbR contract.

However, this research shows that many local authorities are getting better at understanding how they might improve their commissioning processes to enable more VCSES organisations to compete. The voluntary sector is also improving the standard of the bids it submits as it gains more experience of engaging with commissioners.

This report explores these issues across three sections. The key findings of each are summarised below.

1. The bidding process
- The bidding process is resource intensive. Most organisations do not have a dedicated tendering team, and half of VCSES survey respondents felt that they had insufficient capacity to bid.
- Unsurprisingly, smaller organisations often do not feel on a level playing field with larger ones. They are also judged by some local authorities to be submitting poorer quality bids.
- The risks associated with PbR contracts exclude many organisations from competing to deliver services; however the VCSES could take advantage of the benefits that PbR might offer.
- Both local authorities and the VCSES reported that a relatively small proportion (25 per cent) of family services contracts were awarded to the voluntary sector.
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2. Contract terms
- Contract lengths are decreasing due
to local government cuts, and VCSES
respondents pointed to a trend towards one-
year contracts.
- Prime and subcontractor models can both
help and hinder an open market for smaller
organisations.
- Local authorities are often not clear about
Transfer of Undertakings (Protection of
Employees) Regulations 2006 (TUPE) –
either offering too much or, more often, not
enough information to prospective bidders.

3. Working in partnership
- Early engagement with VCSES
organisations by local authorities leads to
service specifications that are tailored to
families’ needs.
- Conversely, a lack of engagement can lead
to inappropriate specifications based on
a lack of understanding about what the
sector can offer families.
- VCSES organisations often find it
challenging and resource intensive (in
terms of time, capacity and cost) to build
effective partnerships with each other.
However, local authorities increasingly
prefer consortia bids.

Recommendations
Based on the findings, the report makes the
following recommendations.

1. The bidding process
- The VCSES needs to build further
understanding of what commissioners are
looking for and respond with innovative
and practical solutions.
- Commissioners need to be clearer about
what they are looking for; using plain
English that focuses on the outcomes
required.
- Local authorities should be open to
developing standard commissioning forms
(within their authority and across areas) to
increase efficiency for both commissioners
and providers.
- The VCSES should have a realistic
understanding of its strengths and
weaknesses, both articulating the added
value it can bring whilst also recognising
where it is not viable to bid for a contract.

2. Contract issues
- Greater collaboration and consultation are
needed between strategic commissioning
leads and procurement departments
within local authorities. In particular,
commissioners should be given authority to
sign off certain contract terms and service
specifications in consultation with their
procurement departments.
- Local authorities should improve the
skill set of their strategic commissioning
leads to enable them to respond to legal
issues as they arise – in particular, greater
understanding of the legal rules for
applying flexibility and TUPE is required.

3. Working in partnership
- The VCSES must be more open to creating
and forging effective partnerships more
quickly, with each other and with the
private sector.
- Local authorities should ensure that
there are strong lines of communication
between procurement teams and strategic
commissioning leads.
- The VCSES and local authorities would
both benefit from early engagement about
service delivery through local fora; local
authorities should be open to early dialogue
while the VCSES should be more willing
to share its knowledge about the needs of
families, with or without funding.
- Local authorities should build partnerships
with each other to build their own expertise
and develop shared processes that drive
efficiency.
- Both the VCSES and local authorities
should involve families in determining what
services they need and ensure that choice is
available.

Actions for the Family Strategic
Partnership
Since April 2011 the FSP has undertaken the
following:
1. Executive summary

Delivered *Love your tender* training (led by Children England). The aim of *Love your tender* is to increase awareness, confidence and the ability of VCSES organisations that work with children, young people and their families to successfully take part in commissioning and tendering processes.

Delivered the Innovating Futures Programme (led by Barnardo’s). Innovating Futures supports organisations to work, with consultancy support, on business critical projects such as redesigning their business model or strategy or developing a new product. Underpinning this work is the opportunity to develop the individual skills and organisational capacity needed to innovate. A resource will be developed and disseminated to the sector in early 2013.

Facilitated regional networks of VCSES organisations across England to share best practice, build capacity and promote collaboration. Several networks have already hosted events on commissioning for VCSES organisations in health and education, as well as some focused on exploring consortia building.

You can find more information on each of these initiatives at www.familystrategicpartner.org.

Based on the findings of this research, the FSP will undertake the following:

- Continue to promote the use of *Love your tender* through the FSP website and the FSP’s regional networks. In particular, the FSP will disseminate to VCSES organisations the bid decision tree (see Appendix F) and TUPE guidance.

- Engage directly with the leaders of local government, including holding a roundtable event for local authority and VCSES leaders to develop an approach to partnership working that is strategic and long term, not simply transactional.

- Present the findings to the Department for Education, the Department for Communities and Local Government, the Department for Business, Innovation and Skills, the Cabinet Office, the Association of Directors of Children’s Services and the Local Government Association at a key stakeholder meeting in July 2012, using the evidence base to influence decisions around commissioning processes and practice.

2. Introduction

This research was commissioned by the Department for Education (DfE) through the Family Strategic Partnership (FSP). The FSP is tasked with advising and informing the DfE about key issues that impact on voluntary, community and social enterprise sector (VCSES) organisations working with families. The growth of commissioning as a means of providing public services has created both new opportunities and new risks for the sector, with great variation depending on organisations’ expertise, capacity, and geographical location. In particular, the move from grant funding towards competitive tendering has had implications for sustainability and resourcing within the sector. This research has sought to understand the experiences of both commissioners and providers of family services to highlight promising practice and areas for improvement.

The aim of commissioning family support services is to shape services around children, young people and families to find the ‘best’ (cost-effective, efficient and appropriate)

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2. Introduction

service to deliver the outcomes required. In this report ‘commissioning’ is defined as a cyclical process of:
■ understanding the needs of families, including consultation with local providers and service users
■ using this understanding to plan how to achieve the desired outcomes for families
■ implementing the plan using resources effectively
■ conducting ongoing evaluation to ensure that outcomes are being met.

3. Policy context

The Coalition Government has expressed a strong commitment to driving efficiency in public service delivery and to opening up delivery to more VCSES providers. To help achieve this goal, it has encouraged a greater emphasis on competitive tendering for local family services, while devolving more budget responsibility to local authorities. A range of different legislative and policy changes have driven the push towards localism by the Coalition Government, including the Localism Act 2011, the Health and Social Care Act 2012 and the Open Public Services White Paper. This new approach has already had an impact on the way that local authorities commission the VCSES to provide services and will continue to do so.

Both central government and the Local Government Association (LGA) have recently published ‘procurement pledges’. For central government, the pledge underlines its belief in supporting economic growth through public procurement, by articulating a long-term vision so that businesses can invest in producing goods that may be procured by the government in future. The LGA pledge has a greater focus on engaging with service users and local providers to develop efficient services that will meet the needs of local people.

The Government’s central aim in opening up the provision of public services is to offer choice and control to those who use them. As such, the Big Society agenda reinforces the principles of devolution to local authorities, but extends this to local communities. For example, the Government has recently sought views on how to encourage groups of parents, families and community members to get involved in the planning and delivery of early education services such as Sure Start Children’s Centres. In addition, the Government has invited groups of parents to set up their own community body so that they are in a position to bid to run their local children’s centre.

As central and local government continue to adopt these agendas, it is crucial to understand how the commissioning environment is affecting small and medium VCSES providers of family services, and whether competitive tendering is helping or hindering the open public services agenda.

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4. The research

Introduction
The research findings fall into three broad categories:
- the bidding process
- contract issues
- working in partnership.

The findings are explored in sections 4.1, 4.2 and 4.3, following a brief discussion of the aims, objectives and methods used in the research.

Aim and objectives
In order to understand the way that family services are commissioned at a local level, the FSP conducted research with VCSES organisations and local authorities across England. The research objectives were:
- to understand the experience of family services commissioning from a voluntary sector and local authority perspective
- to identify examples of promising practice in family services commissioning
- to highlight any barriers to voluntary sector participation in the local authority commissioning process
- to recommend policy and practice solutions.

Methods
Two online surveys were conducted, aimed at (a) VCSES providers of family services and (b) local authority commissioners. In-depth telephone interviews were then conducted with VCSES providers to explore their experiences of the commissioning process in more detail. Family VCSES organisations across the nine regions of England were identified for participation in the research, with an emphasis on small and medium-sized organisations (based on income). Finally, an expert roundtable was held with leaders in the voluntary family services sector, to test the research findings and discuss policy and practice solutions. A total of 138 family VCSES organisations and 38 local authorities responded to the online surveys; 31 VCSES organisations participated in the in-depth telephone interviews; and 9 organisations were represented at the expert roundtable. A list of participating organisations that were willing to be identified is shown in Appendix E.

Further details of the methods can be found in Appendix A.

4.1 The bidding process

Key findings
- The bidding process is resource intensive. Most organisations do not have a dedicated tendering team, and half of VCSES survey respondents felt they had insufficient capacity to bid.
- Unsurprisingly, smaller organisations often do not feel on a level playing field with larger ones. They are also judged by some local authorities to be submitting poorer quality bids.
- The risks associated with PbR contracts exclude many organisations from competing to deliver services; however, the VCSES could take advantage of the benefits that PbR might offer.
- Both local authorities and the VCSES reported that a relatively small proportion (25 per cent) of family services contracts were awarded to the voluntary sector.

4.1.1 Capacity to bid

This research deliberately focused on the experiences of small to medium-sized VCSES organisations with experience of competing to deliver family services, in order to understand how the commissioning environment is affecting them.

Difficulties bidding for contracts

Over half of VCSES organisations reported that they had insufficient capacity to bid and less than 20 per cent of respondents had a permanent team of bid writers in their organisations (see Figure 2). Very few had the resources to bring in extra staff to bid for contracts; instead, around two-thirds used their service practitioners to regularly or occasionally write their bids. The majority of smaller organisations felt ‘out of the loop’

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5. Both online surveys were hosted by SurveyMonkey.
4. The research

**Advantages for larger organisations over smaller organisations**

Many VCSES organisations felt that the process was weighted towards larger organisations with the financial capital to dedicate resources to the bidding process, and offer cheaper services. Organisations without core funding were often unable to compete and therefore felt that the market discriminated against them on the basis of size rather than their ability to deliver the most effective service to families.

Some organisations thought that large contracts with complex service specifications automatically favoured larger organisations, even before the bidding process began. Larger organisations, both in the private and voluntary sectors, have more capacity for bid writing, greater experience of the legal framework, and wider coverage in terms of service delivery. Conversely, tender requirements can often be simply too onerous in terms of finding out about opportunities to bid, having the capacity to compete, and having the resources to deliver. Many organisations thought that greater assistance to develop strong bids would help. However, local infrastructure organisations that might have done this in the past were closing due to funding constraints. Organisations would also like to receive more support and guidance from local authorities. Following recent public sector cuts, many local infrastructure organisations offering support to the voluntary sector to improve their bidding capability have ceased to exist.

4. The research

Figure 2: VCSES survey: capacity to bid

<table>
<thead>
<tr>
<th>Response</th>
<th>percent</th>
<th>count</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have a permanent team of bid writers within our organisation</td>
<td>17.0%</td>
<td>29</td>
</tr>
<tr>
<td>We bring in extra staff in order to bid for contracts</td>
<td>10.5%</td>
<td>18</td>
</tr>
<tr>
<td>Our service practitioners regularly write bids for contracts</td>
<td>36.8%</td>
<td>63</td>
</tr>
<tr>
<td>Our service practitioners occasionally write bids for contracts</td>
<td>29.2%</td>
<td>50</td>
</tr>
<tr>
<td>We have sufficient capacity to bid for contracts</td>
<td>20.5%</td>
<td>35</td>
</tr>
<tr>
<td>We have insufficient capacity to bid for contracts</td>
<td>50.3%</td>
<td>86</td>
</tr>
</tbody>
</table>

Figure 3: Local authority survey: standard of VCSES bids

<table>
<thead>
<tr>
<th>Response</th>
<th>percent</th>
<th>count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high</td>
<td>13.2%</td>
<td>5</td>
</tr>
<tr>
<td>Quite high</td>
<td>28.9%</td>
<td>11</td>
</tr>
<tr>
<td>Average</td>
<td>47.4%</td>
<td>18</td>
</tr>
<tr>
<td>Quite low</td>
<td>2.6%</td>
<td>1</td>
</tr>
<tr>
<td>Very low</td>
<td>7.9%</td>
<td>3</td>
</tr>
</tbody>
</table>

for organisations without dedicated teams in place to complete bids and compete for business on a rolling basis.

Overall the findings show that while local and central government would like to see more ground-led organisations take a leading role in public service delivery, in practice the commissioning process may be making this unachievable. The current situation favours larger, at least regional and certainly national organisations, though even large VCSES organisations can be excluded when it comes to competition with the private sector.

Standard of VCSES bids

Almost half of local authorities reported that they received an average standard of bid from the VCSES (Figure 3). Of the remainder, around 40 per cent said they received ‘quite high’ or ‘very high’ quality bids, whilst only

7. The total response count exceeds the number of respondents as some survey questions allowed multiple answers to be selected. See Appendices C and D for a full list of the survey questions.
around 10 per cent said they received ‘quite low’ or ‘very low’ quality bids. When asked to elaborate on their responses, many indicated that there was a correlation between the standard of bid and the size of the bidding organisation, with larger organisations expected to provide higher quality bids than smaller ones and vice versa. Local authorities felt that those VCSES organisations that were ‘evolving with the times’ and had taken up commissioning training submitted higher quality bids:

“They are well presented; logical; demonstrate how well they understand the local community and what families need; are succinct; answer the tender questions; and are completed by a team and trustees.”

One local authority stated that it commissioned larger VCSES organisations to support smaller local VCSES organisations to bid for tenders, whilst another acknowledged the need to work with the VCSES more to help improve the quality of future bids. One commissioner outlined his experience as follows:

‘Bids for grant funding are usually reasonable and sometimes very good. Bidding in a tendering procedure leading to a contract is usually not so good. Local branches of national voluntary organisations are often better at this. Some consortium bids for contracts have been not very good and not well thought through.’

There was, however, a more general feeling from local authorities that the quality of bids was slowly improving as both large and small organisations gained more experience in completing them.

Timescales for completing tenders
Many organisations felt that there were unrealistic timescales for completing tenders and long delays following the contract award: ‘we recently had 9 days to write our second tender, but it has taken them five months between approving the last project we applied for and starting that project’. There are, however, minimum legal timescales that local authorities must adhere to, depending on the procurement route.

**Standardisation of the bidding process**
A significant issue affecting the sector’s participation in the bidding process is that each local authority (and furthermore often each team within the authority) has its own process, so information provided for one bid cannot be used again for another. The pros and cons of standardising parts of the process or contract terms were highlighted by both local authorities and the VCSES and are shown in Box 1. One local authority explained:

**Box 1: Standardising commissioning forms**
Local authorities and VCSES organisations agreed that there were advantages and disadvantages to introducing standard contract templates or terms. The advantages were:

- saving time by being able to use some standard information for every bid
- a common agreement between local authorities about what they were looking for from particular service types
- a template that could be altered to local circumstances
- that it would encourage local authorities to work to standard guidance and templates for particular service types, for example family therapy.

However, some anticipated problems with standardisation were that:

- bespoke services require bespoke contracts
- standard forms are likely to be restrictive and duplicate inherent errors
- forms are dependent on the local authority’s contract terms and procedures
- it would be very difficult to achieve a ‘one size fits all’ document that was useful.
4. The research

The research

I can see the benefits to the voluntary sector. But they are not the only party to consider as often the private sector will be bidding too. When we work together as groups of boroughs, one area of focus is to get standard contract documentation. I think it is desirable but I'm not sure it is ever going to be achievable."

In general the VCSES and local authorities agreed that although there were aspects of the process that could and should be standardised, it was necessary to build in other contract specifications to meet local needs.

There was agreement that different teams within local authorities could standardise their processes more effectively to avoid duplication and reduce the amount of work for both bidders and commissioners (Figures 4 and 5). However, where procurement departments issued standard templates, they were not always appropriate for the family service that the local authority was procuring.

4.1.2 Payment by results (PbR) contracts

Local authorities are moving towards offering more public services contracts on a PbR basis. Our survey showed that over a third of VCSES organisations had bid for a PbR contract and almost 40 per cent stated that they would consider doing so (Figure 6). Only 13 per cent had not or would not bid for a PbR contact. From the commissioner’s point of view (Figure 7), almost half of local authorities said that they had used or would consider using a PbR contract for family support services, with more than a quarter saying that they might consider using PbR in the future.

PbR presents both opportunities and risks to the voluntary sector. It allows organisations
4. The research

Figure 6: VCSES survey: experience of (or consideration of bidding for) PbR contracts

<table>
<thead>
<tr>
<th>Response</th>
<th>Percent</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>37.1%</td>
<td>53</td>
</tr>
<tr>
<td>No</td>
<td>12.6%</td>
<td>18</td>
</tr>
<tr>
<td>Maybe</td>
<td>38.5%</td>
<td>55</td>
</tr>
<tr>
<td>Don’t know</td>
<td>11.9%</td>
<td>17</td>
</tr>
</tbody>
</table>

Figure 7: Local authority survey: use of (or consideration of using) PbR contracts

<table>
<thead>
<tr>
<th>Response</th>
<th>Percent</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>47.4%</td>
<td>18</td>
</tr>
<tr>
<td>No</td>
<td>15.8%</td>
<td>6</td>
</tr>
<tr>
<td>Maybe</td>
<td>28.9%</td>
<td>11</td>
</tr>
<tr>
<td>Don’t know</td>
<td>7.9%</td>
<td>3</td>
</tr>
</tbody>
</table>

to focus on what they think they can achieve for vulnerable families, and develop innovative solutions to the issues they know families in their communities are facing. At the same time, the financial risks of PbR have led some organisations interviewed to believe that they cannot compete for PbR contracts.

One of the main barriers that PbR presents to VCSES organisations is the upfront investment that is required. Despite potentially being the right organisation to achieve the outcomes required, they may be excluded from bidding for contracts with phased payment models due to a lack of capital to invest. The VCSES felt that this should be acknowledged by commissioning local authorities, in addition to the financial burden and risk that PbR places on most VCSES organisations:

'We couldn’t survive on a PbR contract because we simply couldn’t afford to pay our rent and our salaries. We don’t have the money that’s required in reserve for 6 months or a year...we’d be in trouble as an organisation, and I think a lot of VCS organisations would be in the same boat.'

In addition to the financial risk involved in PbR contracts, the VCSES also had concerns about demonstrating long-term outcomes when PbR contracts were only for one year:

'You have to go through probably about three years to see any result of the work you’re doing, particularly the harder outcomes they’re looking for. It’s easy to talk about the qualitative, soft stuff, but it’s much harder to quantify some of those things.'

At the heart of concerns raised in the survey is the difficulty in marrying the potential for community-based organisations to lead the way in terms of delivery to meet local needs, with PbR, which necessitates significant upfront investment. One organisation noted that for a £1m contract for five nurseries, there
was an expectation that the provider would put in £200,000 up front. This quite obviously represents a significant barrier to entry and raises concerns about how easily voluntary (or indeed private) organisations could be expected to enter the market under these terms. For social enterprises in particular it was noted that:

'[Local and central government] have to think carefully about how you run a social business with the PbR principles embedded but in a way that allows the business to be successful.'

One organisation delivering a PbR contract in prisons also highlighted the confusion between outputs and outcomes in some PbR contracts, both for the VCSES and for local authorities: ‘they’re not saying “what’s the distance travelled for that family and can you demonstrate it?”, they’re saying “how many families attended your courses?”’.

The results of both surveys show that many VCSES organisations and local authorities are embracing the principles of PbR and see it as a positive step towards putting outcomes for families at the heart of the services they provide and commission. However, clarity is still required, particularly for smaller organisations, around how they can maximise their role in this environment.

4.1.3 Consultation and communication

One of the most important factors in ensuring that the bidding and commissioning process worked well was a good level of consultation and communication from the outset, prior to a delivery strategy being developed (Figures 8 and 9). Where local authorities had consulted with the local community and providers about gaps in service provision, the prospective bids were far better matched to local needs by the time providers were invited to tender.

Many organisations found that local authorities had inefficient and ineffective challenge procedures in place, so that on losing a contract, it was very difficult to know...
4. The research

**Figure 10: VCSES survey: proportion of total income that comes from local government**

<table>
<thead>
<tr>
<th>Response</th>
<th>Percent</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 25%</td>
<td>36.4%</td>
<td>75</td>
</tr>
<tr>
<td>25% to 50%</td>
<td>15.5%</td>
<td>32</td>
</tr>
<tr>
<td>51% to 75%</td>
<td>18.9%</td>
<td>39</td>
</tr>
<tr>
<td>76% to 100%</td>
<td>21.4%</td>
<td>44</td>
</tr>
<tr>
<td>Don't know</td>
<td>7.8%</td>
<td>18</td>
</tr>
</tbody>
</table>

**Figure 11: Local authority survey: proportion of budget for family services awarded to the VCSES**

<table>
<thead>
<tr>
<th>Response</th>
<th>Percent</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 25%</td>
<td>55.3%</td>
<td>21</td>
</tr>
<tr>
<td>25% to 50%</td>
<td>23.7%</td>
<td>9</td>
</tr>
<tr>
<td>51% to 75%</td>
<td>18.4%</td>
<td>7</td>
</tr>
<tr>
<td>76% to 100%</td>
<td>2.6%</td>
<td>1</td>
</tr>
</tbody>
</table>

how to appeal or receive helpful feedback. In some cases, very general information about failed bids was provided, which did not help the organisations to improve their future bids. Significantly organisations also felt unable to complain as this was seen as ‘biting the hand that feeds you’.

4.1.4 Availability of contracts

Significantly, over a third of VCSES organisations reported that less than 25 per cent of their total income comes from local government (Figure 10). Similarly, over half of local authorities reported that less than 25 per cent of their family services budget was awarded to VCSES and some still preferred to deliver family services in-house (Figure 11).

Almost half of VCSES organisations (49 per cent) said that the number of contracts available to bid for decreased in the last three years (Figure 12). Despite this, a significant number (24 per cent) reported that the number of contracts had increased. Only five per cent said the number of contracts had remained unchanged. When organisations were asked to elaborate further, there was a similarly split response, with some stating that there had been a trend towards fewer grants and more contracts in their local authority, and others stating that the number of contracts had increased as authorities had increasingly been using competitive tendering to reduce costs.

One of the most significant factors affecting the number of contracts available to bid for over the previous three years was shown to be the variability of local commissioning strategies. Some of the VCSES respondents were operating in one or two local authorities only. Where those local authorities had recently decided to deliver family services in-house, VCSES organisations reported a decrease in the services they provided. Other VCSES organisations working across a wide geographical area had experienced growth as a result of new commissioning strategies.
that had been implemented by different local authorities. The broad range of VCSES organisations that were interviewed reflected the diversity of approaches adopted by local authorities in England, with some tendering out almost all family services, and others decommissioning and choosing to provide services in-house.

Despite signs of a growing market, in some areas it seemed that some VCSES organisations were not able to capitalise by bidding for new contracts, which may explain why 49 per cent of respondents reported that the number of available contracts had decreased. The reasons given for this were that:

- many contracts had too large a value for small organisations to deliver
- some contracts required nationwide delivery
- competition from private sector organisations with lower costs meant that they could provide cheaper delivery
- too many contracts were offered to preferred bidders or those with existing relationships with a local authority
- PbR was excluding many organisations from bidding for available contracts
- partnerships take time to develop so short notice bids that stipulated partnership working were not accessible to some.

### 4.2 Contract terms

#### Key findings

- Contract lengths are decreasing due to local government cuts, and VCSES

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**Box 2: Summary of what works well in the bidding process**

1. A clear and honest vision from the local authority about what it wants to achieve and the criteria for choosing a successful bidder.
2. Early dialogue and openness about service specification, deliverables and outcomes.
3. Open and clear criteria from commissioners outlining how they will evaluate bids.
4. Keeping existing providers ‘in the loop’ about anticipated changes to the family services they deliver.
5. Third-sector infrastructure organisations to help VCSES organisations to improve the quality of their bids.
6. Being known to the local authority through representation, such as being on the Local Safeguarding Children’s Board (however, this opportunity may not be open to all).
7. Shared objectives and motivation between the local authority and the VCSES organisation.
8. Flexible service level agreements which can be adapted to emerging needs.
9. Sharing new ideas and approaches to service delivery with local authorities.
4. The research

Figure 13: VCSES survey: average length of contract with local authority to deliver family support

<table>
<thead>
<tr>
<th>Response</th>
<th>Response percent</th>
<th>Response count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>14.2%</td>
<td>22</td>
</tr>
<tr>
<td>One year</td>
<td>43.9%</td>
<td>68</td>
</tr>
<tr>
<td>Two years</td>
<td>18.7%</td>
<td>29</td>
</tr>
<tr>
<td>Three years</td>
<td>21.9%</td>
<td>34</td>
</tr>
<tr>
<td>Four years</td>
<td>0.6%</td>
<td>1</td>
</tr>
<tr>
<td>Five years</td>
<td>0.0%</td>
<td>0</td>
</tr>
<tr>
<td>More than five years</td>
<td>0.6%</td>
<td>1</td>
</tr>
</tbody>
</table>

Figure 14: Local authority survey: average length of contract to deliver family support

<table>
<thead>
<tr>
<th>Response</th>
<th>Response percent</th>
<th>Response count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>0.0%</td>
<td>0</td>
</tr>
<tr>
<td>One year</td>
<td>21.1%</td>
<td>8</td>
</tr>
<tr>
<td>Two years</td>
<td>23.7%</td>
<td>9</td>
</tr>
<tr>
<td>Three years</td>
<td>52.6%</td>
<td>20</td>
</tr>
<tr>
<td>Four years</td>
<td>2.6%</td>
<td>1</td>
</tr>
<tr>
<td>Five years</td>
<td>0.0%</td>
<td>0</td>
</tr>
<tr>
<td>More than five years</td>
<td>0.0%</td>
<td>0</td>
</tr>
</tbody>
</table>

respondents pointed to a trend towards one-year contracts.

Prime and subcontractor models can both help and hinder an open market for smaller organisations.

Local authorities are often not clear about Transfer of Undertakings (Protection of Employees) Regulations 2006 (TUPE) – either offering too much or, more often, not enough information to prospective bidders.

4.2.1 Contract length

Almost half of VCSES organisations reported that local authority contracts to deliver family services lasted for just one year (Figure 13). Around 14 per cent reported that they lasted for less than one year, and less than two per cent had contracts lasting for more than three years.

Conversely, only around a quarter of local authorities responding reported that they principally provided contracts lasting for one year whilst another quarter stated that
the majority of local authorities stated that their family services contracts were for three years on average. However, there did seem to be agreement between all parties that longer contracts had by and large disappeared, with only a tiny proportion of authorities saying they provided contracts lasting for four years or more.

In terms of whether contract lengths had changed in recent years, there was a roughly even split between local authorities reporting that contract lengths had remained broadly consistent and those reporting that contract lengths had been reduced due to financial constraints. Some local authorities said they were now working to new early intervention and prevention strategies that involved new tendering exercises for services. It was noted that over the previous two years, there had been a move from service level agreements and grants to contracts, with an increasing use of the caveat on three-year contracts: ‘subject to availability of funding and performance reviews’. One local authority, though, did point out that its voluntary sector contracts used to be on a yearly basis but that wherever possible they were now moving to longer term arrangements.

**The impact of shorter contracts**

Most authorities surveyed expressed a preference for issuing longer contracts, but in the present economic climate they were bound by funding uncertainties which prevented them from doing so. Instead, some extended contracts or allowed them to roll over while considering new commissioning intentions – it is fair to say that uncertainty had in many cases led to contract extensions rather than re-tendering:

> 'We have been restricted in our ambition to offer three year contracts by the speed at which Children’s Services budgets and strategic priorities change, and funding streams that support commissioning alter.'

Contracts in the past were typically for three to five years. One local authority said that it had set up a framework agreement to facilitate longer, more effectively managed contracts.

Whatever the rationale, it is clear that diminishing contract lengths have had negative implications for the voluntary sector. The vast majority (75 per cent) of VCSES organisations surveyed reported that the length of contract had a significant impact on service delivery and outcomes. In particular, the VCSES felt that one-year contracts:

- frequently did not allow enough time to achieve meaningful outcomes
- did not allow enough time to recover the investment cost of bidding for and setting up services
- affected staff turnover, as organisations found it difficult to recruit or maintain staff due to funding uncertainties
- limited the ability to make long-term planning decisions
- negatively affected service users, as it takes a long time to build up relationships and trust with vulnerable groups
- affected staff morale, as redundancies were a regular possibility if contracts were not renewed
- did not facilitate adequate monitoring and evaluation processes
- created uncertainties regarding future planning at a strategic level, but also on a personal level for both staff employed to deliver this work and service users who were not clear about what they would receive in the future.

Organisations reported that late notification of extensions to contracts resulted in staff being placed at risk of redundancy and caused obvious stress to staff and service users concerned about the future of the service. It also took a large amount of management and trade union time to consult with staff about closing services which then remained open. Where contracts were awarded annually to different providers, the time and energy spent on transferring staff to new organisations was seen to be excessive and unproductive.

Overall, the research showed that local authorities should be clearer about their processes and ensure sufficient time for the VCSES to respond appropriately. In addition, local authorities should be aware
4. The research

**Figure 15: VCSES survey: bidding as a lead for contracts or as a partner/subcontractor**

<table>
<thead>
<tr>
<th>Response</th>
<th>Percent</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>We bid as lead</td>
<td>26.3%</td>
<td>45</td>
</tr>
<tr>
<td>We bid as partner/subcontractor</td>
<td>14.6%</td>
<td>25</td>
</tr>
<tr>
<td>We bid as either, depending on the contract</td>
<td>65.5%</td>
<td>112</td>
</tr>
</tbody>
</table>

**Figure 16: Local authority survey: frequency of commissioning family services using a prime provider/subcontractor model**

<table>
<thead>
<tr>
<th>Response</th>
<th>Percent</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always</td>
<td>2.6%</td>
<td>1</td>
</tr>
<tr>
<td>Very often</td>
<td>10.5%</td>
<td>4</td>
</tr>
<tr>
<td>Sometimes</td>
<td>23.7%</td>
<td>9</td>
</tr>
<tr>
<td>Rarely</td>
<td>23.7%</td>
<td>9</td>
</tr>
<tr>
<td>Never</td>
<td>39.5%</td>
<td>15</td>
</tr>
</tbody>
</table>

of the statutory notice periods required for redundancies where services are closing, and allow adequate time for organisations to recruit qualified staff where services are expanding.

### 4.2.2 Prime contracting models

Prime contracting models are used when commissioners want a mixed economy of supply (for example from private, voluntary and public sector organisations of varying sizes) without having to manage a large number of contractors. Prime contractors (also known as lead accountable bodies or lead contractors) are used when partnerships of two or more organisations jointly tender for a service; one organisation takes the lead (prime) role, and the other organisations are subcontracted. For example, a national organisation may win a contract to be a lead accountable body for children’s centres in a local authority area in England. The commissioner’s main relationship will be with the lead body, but the lead organisation will subcontract elements of the work to other (often specialist) providers as appropriate.

The benefit of this approach is that it enables commissioners to rationalise large funding streams whilst ensuring that smaller voluntary organisations can remain funded as part of a prime contractor’s supply chain. At its best, prime contracting takes away the bureaucracy of contract management from specialist providers, enabling them to focus on delivering the service. At its worst, prime contracting draws unfair management fees from smaller organisations, making it difficult for them to deliver services with full cost recovery.\(^8\)

**Views of the prime and subcontractor model**

Forty per cent of local authorities reported that they never contracted family services using a prime and subcontractor model.

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\(^8\) Full cost recovery means recovering the total costs of the project or activity, including the relevant proportion of all overhead costs.
4. The research

(Figure 16), and a further 23 per cent reported that they rarely did so. The vast majority (66 per cent) of VCSES organisations bid either as a lead or as a partner/subcontractor depending on the contract (Figure 15). Around a quarter only bid as a lead and even less (15 per cent) only bid as a partner/subcontractor.

One local authority stated that all of its procurement activity allowed the option for a prime provider to subcontract and another said that it was more likely to fund a partnership or collaboration between subcontractors than a prime/subcontractor model. One local authority noted:

'We would like to, and have encouraged this, but find that organisations don’t trust each other enough to make this a viable option. The private sector is much more amenable to this way of working.'

Further discussion of partnership working can be found in section 4.3.2.

4.2.3 The Transfer of Undertakings (Protection of Employees) Regulations 2006 (TUPE)

Almost half of VCSES organisations responding to the survey had significant concerns with the way TUPE was dealt with in the tendering process. In fact, they were more than three times as likely to say they were concerned than not (48 per cent compared to 15 per cent). Interestingly, more than a third of respondents said they did not know whether they had any concerns, reflecting a lack of knowledge about TUPE or indicating that they had not encountered it yet. These patterns were replicated in organisations’ further comments on TUPE. Recurring themes were:

- TUPE information is often insufficient or late. This means that organisations are unable to identify the risks or costs beforehand, sometimes even having to go through the pre-qualification questionnaire stage before receiving TUPE information.

- TUPE arrangements can be the sole reason smaller organisations do not bid for certain contracts. This is because many are simply unable to take the risk or financial burden involved, with particular concerns around pension entitlements.

The complexity of TUPE arrangements means that many organisations are unable to understand their requirements and are therefore discouraged from bidding.

When the issue of TUPE is dealt with inappropriately, it falls into one of two extreme categories. In some cases full TUPE information is published with the public notice of a new tender. This information relates to staff at the existing provider organisation, and is highly confidential. In other cases, the only indication given is a note to say that ‘TUPE may apply in this contract’ and full responsibility is placed on the bidding organisation to ascertain the legislative requirements. In one case, when this was queried with the local authority, the procurement officer advised prospective bidders to contact the existing provider, who was reluctant to share any information that might help a competitor.

Specific information is required in order to supply accurate costings and consider the pension risk. The cost that TUPE brings to the provider is substantial, and rarely factored into the overall budget for a service. In one example the total non-negotiable liability of TUPE-ing staff was £299,217. Yet the overall available budget for the contract was just £305,000, leaving just £5,783 for all other costs. A similar example was given by this organisation:

'We got the TUPE information through and there were two staff attached to that service and the staff, without any admin fees, came to £47,000 yet the contract had a maximum ceiling of £40,000. How on earth can you expect organisations to pick up contracts where they’re automatically at a loss?'

The tendency towards shorter term contracts of twelve months with a possible two-year extension can make the prospect of taking on TUPE liabilities even less viable.

4.3 Working in partnership

This research has highlighted the importance of working in partnership to achieve the best outcomes for families. Partnerships between the VCSES and local authorities allow for expertise to be shared and service
4. The research

specifications to be developed around the needs of local families, with input from a range of providers. Partnerships between VCSES organisations can strengthen the quality and breadth of bids to deliver family services, and allow smaller voluntary and community groups to join forces with larger, national organisations. Finally, partnerships between local authorities across boroughs and within regions should increase efficiencies in the commissioning process and encourage a shared vision for addressing specific issues.

Key findings

■ Early engagement with VCSES organisations by local authorities leads to service specifications that are tailored to families' needs.
■ Conversely, a lack of engagement can lead to inappropriate specifications based on a lack of understanding about what the sector can offer families.
■ VCSES organisations often find it challenging and resource intensive (in terms of time, capacity and cost) to build effective partnerships with each other. However, local authorities increasingly prefer consortia bids.

4.3.1 Partnerships between the VCSES and local authorities

The need for early involvement of the VCSES

The VCSES was often involved in later stages of the commissioning cycle, including implementation and review (Figures 8 and 9), but the sector often felt excluded from the earlier stages of determining service specifications and outcomes for families.

VCSES organisations were most likely to be 'sometimes involved' in different aspects of the commissioning process. In identifying the needs of families or planning how to achieve outcomes, organisations were much more likely to be 'never involved' in the process than 'always involved'. In contrast, in implementation and delivery, or monitoring and review, there was a roughly equal spread of those who were 'never involved' and those who were 'always involved'. When asked to elaborate:

■ many organisations said that they wanted to be more involved in the process
■ many referred to the varying degrees of involvement offered by different local authorities
■ some had had good experiences of engaging
■ some noted that being recompensed for their input would make it more feasible to take part
■ most local authorities said they involved the VCSES at all stages of the process in line with local commissioning frameworks
■ a few said that some organisations were unwilling to take part in this process without funding
■ the VCSES organisations said they were not involved early enough, particularly in designing services and outcomes around the families they worked with.

Variation in practice between authorities

Again, though, the VCSES organisations reported a great deal of variation between local authorities in how far the voluntary sector was involved in the commissioning process. For example one local authority noted:

'Our local infrastructure support organisation has a contract to deliver support, capacity and representation to the VCS on these issues. The monitoring and review aspects tend to be with individual VCS contract providers and it is these relationships that provide good up to date intelligence and insights into VCS issues, needs of families etc.'

Another stated that it adhered to a local commissioning framework which included 'industry' days, where all prospective providers were invited to discuss outcomes, implementation methods and so on. Based on the research with VCSES organisations, this was not common among local authorities and there was great variation regionally. In addition, the budget for infrastructure organisations had recently decreased, which made it much more difficult for VCSES organisations to participate in such events. There were examples of local authorities asking VCSES organisations to recruit parents to selection panels. One local authority had
an ‘outcome based accountability toolkit’ that it used with all providers, including the VCSES. However, another reported that in its experience, ‘[VCSES] organisations are not keen to share their data on needs analysis without funding, so it is hard to engage them’.

Fairness in the commissioning process
When asked whether they thought the commissioning process was fair or unfair, again the voluntary sector felt that this depended on the commissioner. A quarter of VCSES respondents (25 per cent) thought that the commissioning process was ‘quite unfair’ or ‘very unfair’, but a fifth conversely stated that they thought the process was ‘quite’ or ‘very’ fair and transparent:

*I think they’re really keen to make all the VCS aware of that, particularly around the early help. They’re starting to talk to the VCS, they are doing open briefings.*

Some VCSES organisations acknowledged that how they felt about the commissioning process was influenced by whether they had won or lost a contract. However, when explored in more detail, their views of the commissioning process depended on a number of other factors. For example, where local authorities had been open and clear about their expectations, bidders were able to respond accordingly and therefore submitted strong bids. Conversely, where bidding organisations were unable to speak to a local authority commissioning lead or where information was unclear, they were more likely to lose the bid. The strongest finding in the area of fairness and transparency in the bidding process was that it varied substantially across local authorities.

Nevertheless, despite a wide range of views, a number of common concerns with the process were found, including the following:

- There can be a lack of transparency, and the make-up of the decision panel can sometimes have a large bearing on which organisation wins the contract.
- There needs to be better access, training and feedback for smaller organisations.
- The process favours larger organisations as they have more resources and bid-writing teams. A better written bid does not mean that a higher quality of service will be provided.

- Some local authorities want to keep family service provision in-house even if the services are not meeting desired outcomes.

Positive examples of commissioning practice
There were, however, some good examples of commissioners spending time in discussion with potential bidders ahead of launching a tender, to help them to think through the options for packaging their work and tendering in the best way. For example, the benefits of early engagement between commissioners and service providers in a tender for children’s centres in one London local authority were identified as:

- promoting partnerships between providers
- having early consultations about proposals such as PbR
- providing opportunities for national, regional and local third-sector providers to explore proposals with local authorities before they are finalised
- giving VCSES organisations more time to consider the possibility of tendering, to plan early and to explore local resources, facilities and providers.

However, in many smaller organisations staff still write bids on top of their day jobs, and there was a perception amongst this group that large charities ‘get all the money’ without delivering the best results for families. In this sense, the tendering process has created animosity, suspicion and divisions within the sector. One organisation noted:

*T]he worst case scenario is that we all start to fight with one another when really we’ve got to focus on outcomes for young people and then just work out how we all fit in and can work together innovatively and meet the needs of families.*

4.3.2 Partnerships between VCSES organisations

Building consortia
Participants at the roundtable event felt that a consortium approach would be more useful...
4. The research

instead of individual smaller organisations bidding alone. However, smaller organisations often fear that they will be swallowed up by the larger organisations in a consortium. When trying to build partnerships, the VCSES should acknowledge that organisations sometimes find it difficult to work together, especially compared to the private sector. Various observations were made about this issue:

- Local authorities take risk into account and are afraid that smaller organisations will go under, so partnerships are much more likely to be successful in bidding.
- If local authorities specifically want partnership bids, they should say so in the tender and provide an adequate lead-in time.
- Some local authorities do not know what they want from partnership bidding, including how to assess bids, and do not give enough direction or time for VCSES organisations to provide it.
- Training on consortia building will be crucial because the VCSES does not have enough business skills in this area. Skill set improvement through local infrastructure organisations is therefore crucial in this and will enable organisations that have not previously been able to, to get involved and bid.

One organisation raised the issue of not being able to contract in a selection of neighbourhood organisations due to the prime/subcontractor model:

“For some family services it would make sense at a locality level for an organisation to be providing services but wanting to engage at neighbourhood level. So I think some flexibility in that area could be beneficial.’

The suggestion was that a more flexible approach would enable more community-level organisations to be involved in joint bids.

Constraints on establishing partnerships

An important factor to note is that most organisations are bound by a specific remit to deliver to one service user group. As a result, many organisations may only be able to bid for part of a contract as they would not be able to deliver all of it, thereby necessitating a partnership bid instead. One organisation explained:

‘So we need to be a partner in somebody else’s bid and then you’ve got to convince them that our organisation would be a good partner. There are lots of things happening locally in terms of ‘speed dating’ between the national organisations and the local ones, but you’re not always getting picked up for your local expertise.’

In the ‘speed dating’ event mentioned above, potential providers came together in one room and spent five minutes talking to each other, one at a time. This was seen as particularly helpful for finding common ground and service user issues that organisations would be happy to address together. Following the event, a partnership website was set up to continue links between interested organisations.

However, in some cases, organisations felt that they were pitted against each other by commissioners, leading to smaller organisations losing bids and going out of business. They suggested a more collaborative approach where the commissioner brokers a partnership between a larger, successful organisation and the current provider to work in a collaboration or subcontracting arrangement.

One organisation explained the difficulties it had experienced when small and large organisations attempted to form partnerships:

‘I don’t think anybody should say ‘the big ones are better, the big ones bring the best skills and they’re going to support the little ones because they don’t know what they’re doing’ – that isn’t necessarily the case … I don’t want it to be paternalistic in terms of the bigger ones working with the smaller organisations.’

Timescales to build partnerships

Partnerships are useful in terms of combining the different skills and resources of local organisations, enabling them to bid for contracts that otherwise would not be accessible to them. However, they may not work well when too many organisations are involved as it takes a long time to establish good ways of working together.
The requirement to form consortia to bid, often to very tight timescales, prevents many organisations from participating. Forming an effective consortium is a complex process that involves many levels of negotiation and a great deal of trust, particularly as organisations coming together must share confidential commercial data. The difficulties of forming a partnership may not be obvious until conversations begin. However, the more cohesive organisations are when they are putting in a joint bid, the more likely they are to be successful.

Some local authority interview panels expect organisations to unite to form a single entity in terms of service delivery, without understanding the complex governance, investment and risk issues involved. Smaller VCSES organisations had been encouraged to form partnerships and local councils had written into the PQQ that large organisations should try to help smaller ones by joining up with them. Where this is the case, local authorities may need to be more flexible and acknowledge that longer timescales are often needed to enable the VCSES to develop a good quality consortium bid.

Overall it is clear that the VCSES should become better at building up and bidding through consortia, while local authorities should explain their expectations clearly, providing adequate training and a long enough time for VCSES organisations to do this. The roundtable participants confirmed that the private sector was often far more willing than the VCSES to build strategic partnerships in order to meet business objectives and achieve the best outcomes through collaboration.

5. Conclusion

The Coalition Government’s position is that an open market for delivery of services to families should promote choice, innovation and the achievement of sustainable outcomes for service users. There is no doubt, however, that competitive tendering is an enormous resource challenge for the VCSES, which some organisations are struggling to respond to. This research shows that some standardisation of commissioning processes (including common templates) would be useful for the sector and for local authorities in terms of saving time and developing knowledge and expertise of how the process works. However, there was recognition that both local authorities and VCSES organisations wanted to be seen as individual entities, working towards outcomes that were specific to their services, and to service specifications that matched particular local needs.

Our findings suggest that initiatives such as encouraging local communities to set up bodies and bid to run children’s centres are unlikely to be successful in the current commissioning environment. They will be competing against national charities and private sector organisations that have been delivering these services for many years, and have the advantage of scale and capacity. To facilitate this kind of open public services delivery, the assessment criteria and procurement processes would have to be adapted to prioritise other added value, such as local knowledge or the involvement of service users in delivery.

The growth in public services commissioning has forced the VCSES and local authorities to respond to a relatively new way of working that is far more familiar to the private sector. Commissioners and providers of family
5. Conclusions

services must adapt and innovate to maximise efficiency and ultimately achieve the best outcomes for the families they serve. For the VCSES, often it is not just the capacity to bid that acts as a barrier to participation in the process. A focus on best price and profitability does not sit comfortably with the ethos and values of the VCSES, whose motivation is primarily about improving the lives of families in need, as well as maximising the value of public expenditure.

This research highlighted that many local authorities would like the VCSES to build partnerships and bid as consortia in order to deliver best value and best outcomes for families. Equally, local authorities could improve their partnership working with each other to support joint commissioning arrangements and shared expertise, and reduce costs.

The challenge for the VCSES and for local authorities of keeping services affordable while improving social outcomes for families in the current economic climate cannot be underestimated. There is a sense that commissioning may exacerbate the situation in some cases, where the VCSES is able to reach the most vulnerable and disadvantaged families but is unable to compete on price. It may be more cost-effective overall for local authorities to support existing community groups to build their capacity rather than bring in new providers that are unknown to families and have little experience of engaging with them.

At the roundtable event, organisations agreed that there were growing markets that the VCSES should have an important stake in, particularly in the areas of education and health. The sector must prepare itself for entering those markets, while commissioners must acknowledge the barriers to entry that face voluntary organisations. The sector must improve the way it presents the added value it can bring to commissioners and agree some key principles to embed this value into the way commissioners consider the sector. Perhaps most importantly, though, commissioners must consider the future role of the VCSES in delivering public services and how both the market and the sector will look if it carries on in the current direction.

6. Recommendations

The bidding process

6.1 The VCSES needs to build further understanding of what commissioners are looking for and respond with innovative and practical solutions.

6.2 Commissioners need to be clearer about what they are looking for, using plain English that focuses on the outcomes required.

6.3 Local authorities should be open to developing standard commissioning forms (within their authority and across areas) to increase efficiency for both commissioners and providers.

6.4 The VCSES should have a realistic understanding of its strengths and weaknesses, both articulating the added value it can bring whilst also recognising where it is not viable to bid for a contract.

Contract issues

6.5 Greater collaboration and consultation are needed between strategic commissioning leads and procurement departments within local authorities. In particular, commissioners should be given authority to sign off certain contract terms and service specifications in consultation with their procurement departments.

6.6 Local authorities should improve the skill set of their strategic commissioning
6. Recommendations

leads to enable them to respond to legal issues as they arise – in particular, greater understanding of the legal rules for applying flexibility and TUPE is required.

Working in partnership

6.7 The VCSES must be more open to creating and forging effective partnerships more quickly, with each other and with the private sector.

6.8 Local authorities should ensure that there are strong lines of communication between procurement teams and strategic commissioning leads.

6.9 The VCSES and local authorities would both benefit from early engagement about service delivery through local fora; local authorities should be open to early dialogue while the VCSES should be more willing to share its knowledge about the needs of families, with or without funding.

6.10 Local authorities should build partnerships with each other to build their own expertise and develop shared processes that drive efficiency.

6.11 Both the VCSES and local authorities should involve families in determining what services they need and ensure that choice is available.

Actions for the Family Strategic Partnership

Since April 2011 the FSP has undertaken the following:

- Delivered Love your tender training (led by Children England). The aim of Love your tender is to increase awareness, confidence and the ability of VCSES organisations that work with children, young people and their families to successfully take part in commissioning and tendering processes.

- Delivered the Innovating Futures Programme (led by Barnardo’s). Innovating Futures supports organisations to work, with consultancy support, on business critical projects such as redesigning their business model or strategy or developing a new product. Underpinning this work is the opportunity to develop the individual skills and organisational capacity needed to innovate. A resource will be developed and disseminated to the sector in early 2013.

- Facilitated regional networks of VCSES organisations across England to share best practice, build capacity and promote collaboration. Several networks have already hosted events on commissioning for VCSES organisations in health and education, as well as some focused on exploring consortia building.

More information on each of these initiatives can be found at www.familystrategicpartner.org.

Based on this research, the FSP will undertake the following:

- Continue to promote the use of Love your tender through the FSP website and the FSP’s regional networks. In particular, the FSP will disseminate to VCSES organisations the bid decision tree (see Appendix F) and TUPE guidance.

- Engage directly with the leaders of local government, including holding a roundtable event for local authority and VCSES leaders to develop an approach to partnership working that is strategic and long term, and not simply transactional.

- Present the findings to the Department for Education, the Department for Communities and Local Government, the Department for Business, Innovation and Skills, the Cabinet Office, the Association of Directors of Children’s Services and the Local Government Association at a key stakeholder meeting in July 2012, using the evidence base to influence decisions around commissioning processes and practice.

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Appendix A: Methodology

Research aims
The aim of this research was to understand the way that family support services are commissioned at a local level. Within this, there was a specific focus on identifying models of best practice as well as any systemic issues that might hinder VCSES organisations from bidding for commissioned work. There was a deliberate attempt to prioritise the views of small to medium-sized charities to understand their experience of local authority commissioning.

Methods
In order to achieve these aims, primary research was carried out with VCSES organisations and local authorities. This comprised the following three elements, using a mixture of qualitative and quantitative methods:
- an online survey of VCSES organisations
- in-depth qualitative telephone interviews with VCSES organisations
- an online survey of local authorities.

By conducting research with both VCSES organisations and local authorities, it was possible to understand the commissioning process from the points of view of both those who bid for contracts and those who put them out to tender. It is important to note that the relatively small scale of this project means that the findings do not represent all VCSES organisations or local authorities in England. Nevertheless, the methods used enabled a wide and rigorous study of the commissioning process.

Sampling
The sampling strategy was to focus on those within the VCSES and local authorities with first-hand experience of the commissioning process. Primary research was therefore carried out with CEOs, business development managers or service managers within VCSES organisations and strategic commissioning leads or officers within local authorities.

Size was identified as a key consideration in VCSES organisations’ experiences of commissioning. As such, purposive sampling was used to identify three separate groups of VCSES organisations, small, medium and large, based on their annual income and number of employees.

Region was also identified as a key consideration in gaining a good overview of VCSES organisations across England. Purposive sampling was again used to ensure a broadly equal representation of organisations from the nine regions of England: North East, North West, Yorkshire and the Humber, West Midlands, East Midlands, East, South East, South West and London.

Recruitment
Recruitment for telephone interviews and survey responses was carried out through a number of channels. Children England circulated the VCSES survey by email to organisations that provided family support services, and it was disseminated through the Charity Commission website; also, Children England and Action for Prisoners’ Families sent the link to the survey to their networks by email. Although this approach meant that a large number of organisations could be targeted quickly and efficiently, it also meant that organisations with particularly good or bad commissioning experiences may have been more likely to respond.

Telephone interviews with VCSES organisations were then arranged in two ways. Firstly, a mixture of small, medium and large organisations across England were identified through the Charity Commission website and contacted via email and telephone. Secondly, survey respondents were given an option at the end of the VCSES survey to take part in an interview. Through these two methods, it was possible to recruit a wide range of organisations to take part in the telephone interviews.

The local authority survey was emailed to directors of children’s services at the 151 local authorities across England with a request for it to be passed on to their strategic...
commissioning leads. In addition, the FSP’s regional leads contacted local authorities in their areas to encourage responses. Efforts were again made to ensure that there was a range of local authority respondents across England.

Data collection
The VCSES survey consisted of 20 questions focused on organisations’ experiences and opinions of the commissioning process (see Appendix C). The survey received 138 responses. Telephone interviews with VCSES organisations lasted around twenty minutes on average and eight broad topics were discussed (see Appendix B). Through the use of a semi-structured interview design and open questions, participants had a large input into the areas that they wished to focus upon. Consequently, the researchers were able to gain a more varied and in-depth understanding of participants’ experiences of commissioning. As developing the interview schedule was an iterative process, questions were added and changed as new themes emerged from the data. All responses were anonymised and the data has remained confidential to the research team. The local authority survey consisted of 11 questions and was completed by 38 local authorities (see Appendix D). Gathering the opinions of local authorities allowed a comparison of their experiences of commissioning with that of VCSES organisations.

Data analysis
The VCSES telephone interviews were transcribed and analysed thematically using NVivo. Survey responses for both the VCSES and local authority surveys were collected through SurveyMonkey. Charts and cross-tabulations were then created and key areas of interest were identified and analysed.

Appendix B: VCSES semi-structured interview schedule

1. Could you describe your organisation’s work with families?

2. What proportion of the family services you provide are commissioned by local government?

3. Could you take us through the process of bidding for local government contracts to provide family services, and explain how you have found it?

4. Could you give us an example of when the local authority commissioning process has worked well?

5. Could you give us an example of when the local authority commissioning process has not worked so well?

6. Do you think that all organisations providing family services are on a level playing field in terms of bidding for local authority contracts?

7. What do you think would enable the VCSES to engage more effectively with local authority commissioning processes?

8. Do you have any final comments to add?
Appendix C: VCSES survey questions

1. In which areas of England does your organisation work? Please tick all that apply.
   - [ ] East Midlands
   - [ ] East of England
   - [ ] London
   - [ ] North East England
   - [ ] North West England
   - [ ] South East England
   - [ ] South West England
   - [ ] West Midlands
   - [ ] Yorkshire and the Humber

2. Which family services do you provide? Please tick all that apply.
   - [ ] Parenting programmes
   - [ ] Family Intervention Project (FIP)
   - [ ] Support for families of prisoners
   - [ ] Support for families with a disabled child
   - [ ] Support for families with children aged 0-3 years
   - [ ] Support for families with children aged 4-12 years
   - [ ] Support for families with children aged 13-18 years
   - [ ] Other (please specify)

3. What is your organisation’s annual income?
   - [ ] Less than £10,000
   - [ ] £10,000 to £100,000
   - [ ] £100,000 to £1m
   - [ ] £1m to £5m
   - [ ] £5m to £15m
   - [ ] Above £15m

4. What proportion of your organisation’s total income comes from local government?
   - [ ] Less than 25%
   - [ ] 26% to 50%
   - [ ] 51% to 75%
   - [ ] 76% to 100%
   - [ ] Don’t know

5. Which of the following statements apply to your organisation? Please tick all that apply.
   - [ ] We have a permanent team of bid writers within our organisation
   - [ ] We bring in extra staff in order to bid for contracts
   - [ ] Our service practitioners regularly write bids for contracts
   - [ ] Our service practitioners occasionally write bids for contracts
   - [ ] We have sufficient capacity to bid for contracts
   - [ ] We have insufficient capacity to bid for contracts

6. How often does your organisation bid for local authority contracts?
   - [ ] Weekly
   - [ ] Monthly
   - [ ] Quarterly
   - [ ] Twice a year
   - [ ] Yearly
   - [ ] Other (please specify)

7. Do you bid as a lead for contracts, as a partner/subcontractor, or both?
   - [ ] We bid as a lead
   - [ ] We bid as a partner/subcontractor
   - [ ] We bid as either, depending on the contract

8. a) Overall, how fair do you find the local authority commissioning process?
   - [ ] Very fair
   - [ ] Quite fair
   - [ ] Neither fair nor unfair
   - [ ] Quite unfair
   - [ ] Very unfair
   - [ ] It depends on the local authority
b) Please elaborate ..............................................................................................................

9. a) Overall, how straightforward do you find the local authority commissioning process?
   - Very straightforward
   - Quite straightforward
   - Neither straightforward nor confusing
   - Quite confusing
   - Very confusing
   - It depends on the local authority

   b) Please elaborate ..............................................................................................................

10. On average, how long are your contracts with local authorities for?
    - Less than one year
    - One year
    - Two years
    - Three years
    - Four years
    - Five years
    - More than five years

11. In your experience, does the length of contract have an impact on service delivery and outcomes for families?
    - Yes
    - No
    - Sometimes
    - Don’t know

    Comments ...........................................................................................................................

12. In general, has the monetary value of local authority contracts changed over the last 3 years?
    - Yes, the value has increased
    - Yes, the value has decreased
    - No, the value has not changed
    - Don’t know

    Comments ...........................................................................................................................

13. In general, has the number of contracts available to bid for changed over the last 3 years?
    - Yes, the number of contracts has increased
    - Yes, the number of contracts has decreased
    - No, the number of contracts has not changed
    - Don’t know

    Comments ...........................................................................................................................

14. Has your organisation experienced any of the following as a result of changes to local authority contracts? Please tick all that apply.
    - A service you provide to families has been reduced
    - A service you provide to families has been closed
    - You have lost contracts to other charity or public sector providers
    - You have lost contracts to private providers
    - The awarding of contracts has been suspended due to reorganisation of commissioning structures

    Comments ...........................................................................................................................
Appendix C: VCSES survey questions

15. How often is your organisation involved in the following aspects of the commissioning process?

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Never</th>
<th>Rarely</th>
<th>Sometimes</th>
<th>Often</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identifying the needs of families</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Planning how to achieve the desired outcomes</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Implementation and delivery</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Monitoring and review</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

16. How flexible do you consider local authority contracts to be?

☐ Very inflexible   ☐ Quite inflexible   ☐ Neither inflexible nor flexible
☐ Quite flexible    ☐ Very flexible

Comments ..........................................................................................................................

17. How helpful would you find standard contract terms across local authorities?

☐ Very unhelpful   ☐ Quite unhelpful   ☐ Neither helpful nor unhelpful
☐ Quite helpful    ☐ Very helpful

Comments ..........................................................................................................................

18. Do you have any concerns about the way TUPE is dealt with in the tendering process?

☐ Yes   ☐ No   ☐ Don’t know

Comments ..........................................................................................................................

19. a) Does your organisation have, or would your organisation consider bidding for, a payment by results (PbR) contract?

☐ Yes   ☐ No   ☐ Maybe   ☐ Don’t know

b) What particular concerns, if any, do you have regarding PbR?

........................................................................................................................................

20. Finally, which of the following would enable the VCSES to engage more effectively with local authority commissioning processes? Please tick all that apply.

☐ Greater parity of opportunity between VCSES organisations
☐ Wider publication of procurement opportunities
☐ More opportunities to showcase the work of the VCSES
☐ A more streamlined commissioning process across local authorities
☐ If ‘other’ please specify, or add general comments here:

........................................................................................................................................
Appendix D: Local authority survey questions

1. What type of family services do you commission the voluntary, community and social enterprise sector (VCSES) to provide? Please tick all that apply.
   - Parenting support
   - Relationship support
   - Family Intervention Project (FIP)
   - Support for families of prisoners
   - Support for families with a disabled child
   - Support for families with children aged 0-5 years
   - Support for families with children aged 6-11 years
   - Support for families with children aged 12-18 years
   - Other (please specify)

2. a) On average, how long are your contracts to deliver family support services for?
   - Less than one year
   - One year
   - Two years
   - Three years
   - Four years
   - Five years
   - More than five years

   b) Has this changed over recent years?

3. How often do you commission family services using a prime provider/subcontractor model?
   - Always
   - Very often
   - Sometimes
   - Rarely
   - Never

   Comments

4. Approximately how much of your budget for family services is awarded to the VCSES?
   - Less than 25%
   - 26% to 50%
   - 51% to 75%
   - 76% to 100%

5. How often is your organisation involved in the following aspects of the commissioning process?

<table>
<thead>
<tr>
<th>Identifying the needs of families</th>
<th>Never</th>
<th>Rarely</th>
<th>Sometimes</th>
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<td>Monitoring and review</td>
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</tbody>
</table>

6. a) In general, how would you rate the standard of bids you receive from the VCSES?
   - Very high
   - Quite high
   - Average
   - Quite low
   - Very low

   Comments

   b) Approximately how many contracts does this amount to?
Appendix D: Local authority survey questions

7. Some VCSES organisations have indicated that a standard contract template across local authorities would enable them to bid for more contracts due to time saved. How helpful would you find a standard contract template?

- [ ] Very unhelpful
- [ ] Quite unhelpful
- [ ] Neither helpful nor unhelpful
- [ ] Quite helpful
- [ ] Very helpful

Comments ............................................................................................................................................

8. Has your local authority used, or would it consider using, a payment by results (PbR) contract for family support services?

- [ ] Yes
- [ ] No
- [ ] Maybe
- [ ] Don’t know

9. In what ways have budget cuts impacted on commissioning practice in your local authority?

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10. How would you advise the VCSES to improve its engagement with the commissioning process?

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11. Please add any final comments here:

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Appendix E: Participating VCSES organisations

We conducted 31 in-depth telephone interviews with VCSES organisations. The following organisations agreed to be identified as participants:

Action for Children
Ask Wiltshire
Barnardo’s
Browning House
Carers Lewisham
Children Action North West
Children North East
Derwent Stepping Stones
Family Focus
Family Links
Halton Autistic Family Support Group
Home Start
J-go Training Ltd
KUC (Kirkby Unemployed Centre) Ltd
London Early Years Foundation
National Family Mediation
Ormiston
Plymouth Teaching PCT
Pre-school Learning Alliance
Save The Family Limited
Space Youth Project
Sunderland YMCA
The Himmat Project
The Together Trust
Voluntary Action Calderdale
Welcare
Worcestershire Family Intervention Project

The following organisations were represented at a roundtable event to discuss the interim research findings:

Action for Children
Barnardo’s
Children England
Daycare Trust
Family Action
Family and Parenting Institute
Homestart UK
Institute of Public Care
Safe Ground
Appendix F: Bid decision tree

Appendix F: Bid decision tree

Can you do it if you work in partnership?

NO

Do a skills audit to find gaps, train staff or cost buying in support

See page 22 for a skills audit and www.childrenengland.org for a funding guide to workforce development

YES

Can you show added value?

NO

See page 23 for ideas on how to show added value

YES

Can you get full cost recovery?

See the acevo guide to full cost recovery

NO

Do you know the unit cost of your service?

NO

See page 54 to help calculate your unit cost

YES

Is the amount of the contract enough to do the work well?

NO

Inform the procurer that you will not proceed

YES

Do you know the implications of TUPE and can you afford all the terms?

See Workforce Hub for a briefing on TUPE

NO

Inform the procurer that you will not proceed

YES

Do you know about the VAT implications?

It is best to get expert advice on VAT

YES

Can you negotiate FCR?

NO

Do you have another source or income or can you secure a grant?

YES

See Negotiation briefing at www.financehub.org.uk for a guide to negotiation

NO

See page 54 to help calculate your unit cost

GO FOR IT!
Commissioning for better outcomes
Understanding local authority and voluntary sector experiences of family services commissioning in England

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The report was written by Jessica Cundy