

AGENDA MANAGEMENT SHEET

Name of Committee Cabinet

Date of Committee 23rd November 2006

Report Title The Voluntary and Community Sector Initial Review

Summary This report outlines a process for undertaking an initial review of Voluntary and Community Sector agreements with an anticipated completion date of April 2007.

For further information please contact:

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Would the recommended decision be contrary to the Budget and Policy Framework? [please identify relevant plan/budget provision] No

Background papers Adult and Community Services Overview and Scrutiny Committee report 8th November 2006: 2007/08 to 2009/10 Spending Proposals of the Adult, Health and Community Directorate

Funding & Procurement Compact Code of Practice

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

- Other Committees
- Local Member(s)
- Other Elected Members Councillor C Hayfield, Councillor M Stanley, Councillor Mrs J Compton, Councillor R Dodd, Councillor M Stanley, Councillor R Randev
- Lead Cabinet Member Councillor A Farnell
- Cabinet Member

- Chief Executive
- Legal Jane Pollard, Alison Hallworth
- Finance
- Other Chief Officers Graeme Betts, Strategic Director of Adult, Health and Community Services
- District Councils
- Health Authority
- Police
- Other Bodies/Individuals Kim Harlock, Head of Commissioning Unit

FINAL DECISION YES

SUGGESTED NEXT STEPS:

Details to be specified

- Further consideration by this Committee
- To Council
- To Cabinet
- To an O & S Committee
- To an Area Committee
- Further Consultation

Cabinet Committee – 23rd November 2006

The Voluntary and Community Sector Initial Review

Report of the Strategic Director of Adult, Health & Community Services

Recommendation

That the Cabinet agree the proposed process for 'initial' review and dealing with underperformance/under-spending in relation to services commissioned from the voluntary and community sector.

1. Introduction

- 1.1 The Adult, Health and Community Services Directorate (AH&CS) has 147 contractual arrangements with 87 providers from the Voluntary and Community Sector, some of whom have a number of agreements for different services (figures taken from the Contracts Register). The Voluntary and Community Sector is by no means homogenous and a variety of different organisations provide a wide range of services to AH&CS, from small community-based services on a yearly grant funded basis to large national charitable organisations with service level agreements and contracts over a number of years, with all other possible permutations in-between.
- 1.2 The total expenditure for AH&CS with all Voluntary and Community Sector organisations is approximately £18m. Excluding residential placements for Learning Disability Service Users and Older People, large domiciliary care contracts and Supporting People services provided by Voluntary Organisations the total AH&CS expenditure for low-level support is £4,930,015.
- 1.3 A breakdown of this expenditure as of 30th September 2006 is detailed below.

Client Type	Day Care	Advocacy	Low Level Support	Total Value
Carers	£0 *	£0 *	£0 *	£620,906
Learning Disabilities	£10,000	£70,000	£0	£80,000
Physical Disabilities**	£260,410	£18,047	£978,379	£1,256,836
Mental Health	£164,698	£0	£655,785	£820,483
Older People	£934,704	£54,590	£694,092	£1,683,386
Generic	£0	£376,232	£92,172	£468,404
Total Value	£1,369,812	£518,869	£2,420,428	£4,930,015

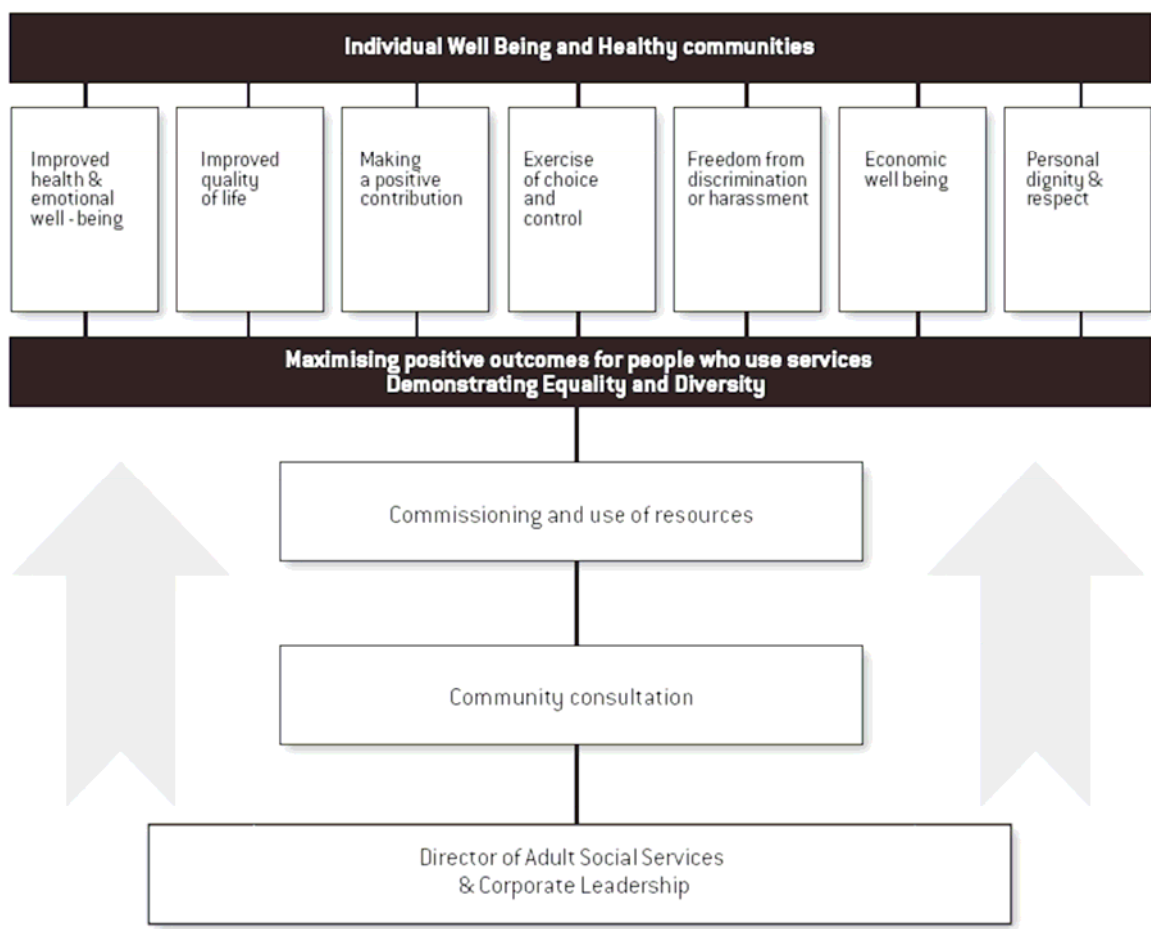
* Total spend does not fit into Day Care, Advocacy and Low Level Support columns

** Low level support provided through Direct Payments

2. Influences and Pressures

2.1 From 2006/07 Adult Social Care Services are to be assessed using a new Outcomes Framework, which has been devised by CSCI (*A New Outcomes Framework for Performance Assessment of Adult Social, 2006*). The framework is built around the seven outcomes in the White Paper 'Our Health, Our Care, Our Say' (DH, 2006) plus two additional measures on leadership and commissioning and use of resources. The White Paper outcomes will replace the National Standards and Criteria and lead to new star ratings. The seven outcomes are shown in the table below.

2.2



2.3 Within the framework it states that there has to be a demonstration that;

'... Adult Social Care leaders commission and deliver services to clear standards of both quality and cost, by the most effective, economic and efficient means available and so demonstrate value for money...'
(*A New Outcomes Framework for Performance Assessment of Adult Social Care, Pg7*)

2.4 Members will be aware from the Directorate Service Plans that the key focus is on improving the quality of life for adults and improving well-being through:

- Promoting individual independence through giving greater choice to those requiring care
 - Enriching peoples lives through learning and culture
 - Improving health and equality for adults across Warwickshire
- 2.5 The Directorate intends to deliver these key aims through working in partnership with other agencies involved with similar related services i.e. health, district councils, other statutory agencies, the voluntary and private sector.
- 2.6 The AH&CS Directorate has reported significant forecast overspendings for the 2006/07 revenue budgets for adult social care (£3.0m) and has adopted measures aimed at achieving an increasing level of savings throughout the medium term strategy period to 2009/10. These measures will consist of:
- Improvements in procurement particularly in relation to areas of contracting with the private and voluntary sector.
 - Greater collaboration with health partners, in particular looking to progress single assessment processes to benefit the service user.
- 2.7 A key element of the AH&CS modernisation strategy is to move quickly to identify how these changes in provision can be made and look to develop new services and other delivery mechanisms.
- 2.8 AH&CS needs to make these changes with a demographic backdrop of an increasing demand for services which is set to increase year on year. Clearly, it has, and will not, be possible to contain this level of service growth within the resources made available without the freeing up of current resources.
- 2.9 Therefore, within the AH&CS Adult Commissioning Unit (ACU) there must be a planned approach over the short and medium term timescale, which means concentrating efforts in terms of budget reductions through strengthening value for money in procurement retaining high quality services that meet need.

3. Achieving Goals

- 3.1 The new CSCI Performance Framework provides an opportunity for AH&CS to revisit services commissioned to support service users and assess the services in line with the framework.
- 3.2 The application of the outcomes framework will enable clarity to be obtained on the strategic relevance of services currently purchased and help to identify gaps where more support is required. In addition to this, it will provide an opportunity to reduce the under utilisation of agreements, improve efficiency, modernise services, monitor performance and maximise resources across our Directorate and partners.
- 3.3 To maximise the potential of increasing the utilisation of current resources (either by increasing the current service delivery or by maintaining current levels of activity at a better value), within the next financial year a concise review needs to take place now and the outcomes implemented before the end of 2006/07.
- 3.4 The Adult Commissioning Unit has developed a Commissioning Audit and

Review Toolkit that provides a consistent detailed approach to reviewing organisations and services receiving funding from Warwickshire County Council Adult, Health and Community Services Directorate. It will not be possible to use the full toolkit for this review, given the timescale, but appropriate elements will be used.

4. The 'Initial' Review Process

- 4.1 The proposal is that an initial review of Voluntary and Community Sector agreements is undertaken and completed by April 2007. This would compare the activity agreed, the actual activity undertaken and the budget spent by service providers during the last eighteen months. The ACU will process the activity data, discuss the initial findings with the provider and then write to them outlining any under performance. An internal report will be created as a record of the work undertaken and its findings. This report would be then used to prioritise any subsequent comprehensive review.
- 4.2 Where providers are unable to provide the information required the review team will work alongside the provider and assist them in producing the performance reports required.
- 4.3 In cases where the provider has formally been asked by the budget holder or the Department to change the activity in the agreement, the revised figures would be used to evaluate the service.
- 4.4 Where the agreement has no activity expectation, e.g. where funding is for a post, a unit cost would be generated from the budget and actual activity. This information would be noted as an indication of value for money.

5. Addressing Underperformance and Ensuring Cost Efficiency

- 5.1 During the initial review there is a likelihood that underperformance would be identified on some agreements which if released would lead to greater cost efficiency through redirecting resources.
- 5.2 In cases where underperformance, or poor value for money, is identified the ACU would highlight underperformance with the provider and agree new activity levels for the rest of the agreement period.
- 5.3 This adjustment would be based on the previous 18 months activity levels. The change would either increase the expected activity or reduce the agreement value with the same activity output.
- 5.4 Where there is significant underperformance the ACU would consider termination of the agreement with the provider. This would include considering the implications for existing service users and the impact on other providers in the service area.
- 5.5 Where the provider identifies the possible need for decommissioning of a service they provide and a new or different service set up in its place, suggestions would be considered. However, any new agreements would go through the formal

process of commissioning and would not be set up adhoc.

- 5.6 Any subsequent commissioning would include links to the Strategic Review and the Joint Commissioning Strategies that would identify opportunities for joint commissioning services with other partner's agencies.
- 5.7 The prioritisation of which Voluntary Sector agreements would be reviewed first would be based on a combination of criteria including;
- Exemptions on the agreements
 - Service type
 - Client type
 - Total budget value
 - Number of agreements held by providers
 - Total value of all the providers Voluntary Sector agreements.
- 5.8 In February 2006 the County Council approved additional resources to introduce low level services aimed at supporting those people whose needs fall below the Fair Access to Care Services (FACS) threshold. Efficiency savings from current underperforming agreements, including the Voluntary Sector, could be utilised to support the expansion other services including the low-level support service (PHILLIS).
- 5.9 The review will also provide an opportunity to improve the consistency of contracting arrangements and, where necessary, it is envisaged that services will transfer over to a new 'core contract' which has been developed by the ACU in conjunction with Legal Services.

6. Budget Holder Involvement

- 6.1 During this initial review, it is proposed that the budget holders would not be directly involved in the process but informed of the start and completion of the review, including changes and recommendations.
- 6.2 This would not exclude budget holders from discussions but would enable them to be involved at a level they dictate, whilst allowing the ACU to undertake the work with delegated responsibility and authority.
- 6.3 The target time scale for completion of this initial review work is by April 2007.

7. Current Progress

- 7.1 Because of the need for this work stream to be completed as soon as possible some work has already been initiated. This includes:
- Review of all countywide Age Concern services. Work completed on this so far has led to the identification of potential efficiencies to be made in terms of both cost and performance.
 - Review of Day Care services: This prioritises the review of those services which although classed as day care, are providing services to those people

meeting Moderate or Low FACS criteria only, such as lunch clubs and drop-ins. This would encompass services for BME groups across the county.

- Collection of base line information for all Learning Disability service providers in order to agree priorities in this area.
- Making links with Supporting People to share information.
- Creation of a new Contract Monitoring Team to carry out the review work on an on-going basis.
- Implementation of monthly contract monitoring information from Voluntary Sector organisations providing day service for older people.
- Change in payment terms for Voluntary Sector organisations. Organisations will no longer routinely receive funding 12 months in advance but will be paid on a yearly, six-monthly or quarterly basis depending on the value of the contract and the performance of the service.
- Formal notification to the Voluntary Sector of recouping any surpluses held by organisations from 2005/2006.

8. Recommendation

- 8.1 The 'initial' review process and the process for dealing with underperformance are in principle agreed and supported by Members.

GRAEME BETTS
Strategic Director of Adult,
Health & Community Services

Shire Hall
Warwick

November 2006