

East Sussex County Council Workshop with VCSE organisations

Workshop Notes

April 2022

East Sussex County Council

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1 Introduction and context of the workshop

At a recent earlier workshop for East Sussex Commissioners a number of points had been made about the need to engage with the VCSE sector especially in the light of the East Sussex Voluntary Sector Alliance's paper on the future of VCSE commissioning and procurement in East Sussex. It was felt that a joint workshop addressing key issues would be helpful, especially in the light of experience from the pandemic. The Alliance paper is provided as Appendix 1 of this report and formed the basis for workshop planning discussions.

The event had been planned by Samantha Williams, East Sussex Assistant Director of Strategy, Commissioning & Supply Management, John Routledge, Chair of the East Sussex VCSE Alliance, and John Hedge of the Institute of Public Care.

Though the overriding issue was the need for commissioning to work more effectively and collaboratively with the VCSE it had been agreed to use the issue of tackling health inequality as a context for the workshop.

The workshop's objectives were as follows:

- To consider how the Council, NHS partners and VCSE sector can best work together to address population health inequalities.
- To develop a shared view of the main barriers and priorities for action.
- To consider the commissioning issues involved.
- To agree the main priorities for change and how best to take the workshop findings forward.

Samantha Williams and John Routledge welcomed participants to the online event which was facilitated by John Hedge. A list of participants is provided as Appendix 2.

2 Summary of main themes and key messages raised during the workshop

- A shared approach to leadership within clearly agreed commissioning principles was crucial and this would need to acknowledge the complexity of partnership.
- Agreement on a suitable model should take account of examples and experience from elsewhere.

- The same approach would not necessarily suit all markets, and change would take time.
- Sharing and developing skills was crucial and there was much support for the creation of a Commissioning Academy.
- The VCSE's knowledge, reach and expertise were underused at present but there needed to be better understanding of the respective achievements and pressures faced by both commissioners and VCSE leaders.
- The workshop was a helpful initial activity but more opportunities to develop thinking and potential models were required.

3 Context - Population Health Inequality and the VCSE

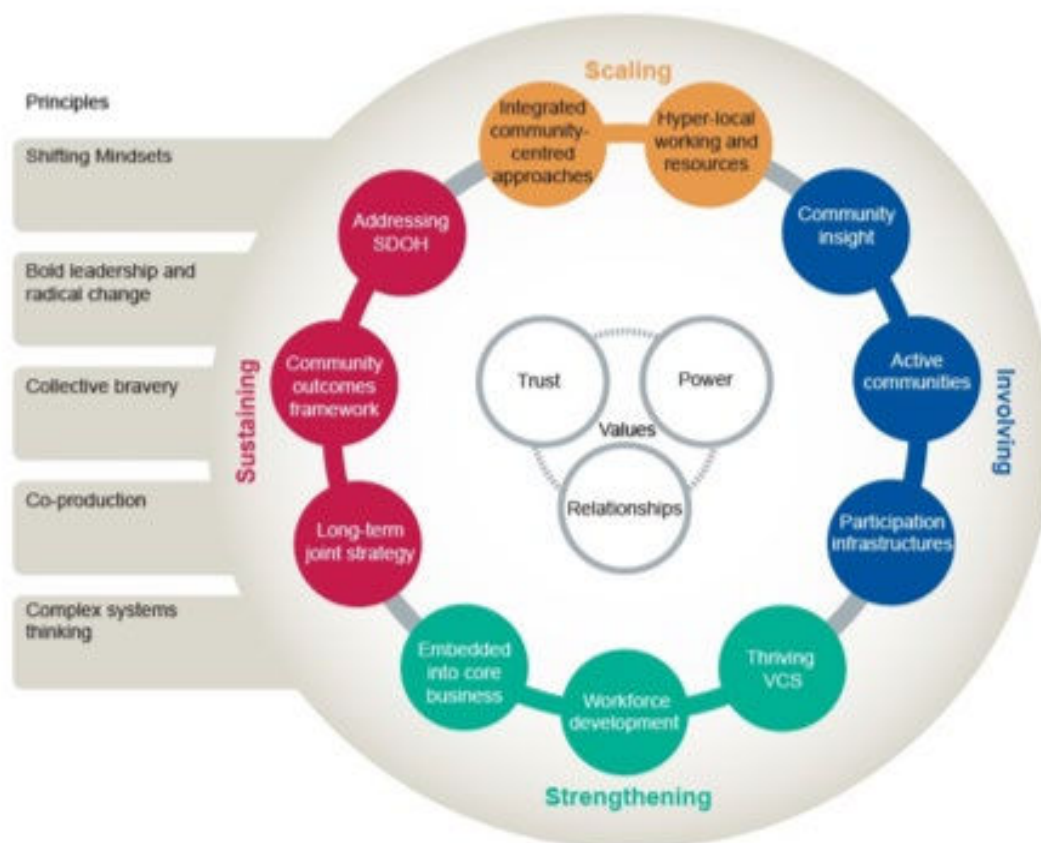
John Hedge presented data about the extent of health inequality in East Sussex and then cited James Ward's Rocket Science Lab summary of the importance of the VCSE contribution:

- VCSE organisations not only work at intersections of inequity but also across different sectors, funders, and commissioning streams and are already central to responses to homelessness, domestic abuse, and addiction.
- VCSE organisations also offer the community centred asset-based approach required to truly tackle inequity as well as opportunities to engage and work with those who are most marginalised.

The role of the VCSE set out in ICS is clear, however this must be:

- Both recognised and funded.
- Power held by health and local authorities needs to be shared to ensure VCSE involvement is collaborative and not tokenistic.
- Investment is needed to build capacity, capability, and competence as this varies dramatically across places.

He then referred, in the slide below, to Public Health England's 2020 Whole System Approach to Community Centred Public Health and the significance of the VCSE sector in engaging communities.



The East Sussex VCSE had the following characteristics:

- Over 3,500 organisations
- 6,000 employees – 3% of the county workforce
- A huge number of volunteers
- Reach into communities and wider assets
- Key to developing community approaches and the ICS

In the discussion which followed VCSE representatives shared practical examples of good practice in co-productive work with communities and commissioners in the design of services.

A number of key themes emerged, and the three main priority areas identified were as follows:

- **How to achieve a more collaborative approach to service design**
- **How to deliver the culture shift necessary to enable change to take place**
- **How to develop more collaborative commissioning approaches and a more shared approach to risk.**

The workshop then divided into three mixed working groups of ESCC and VCSE participants to tackle these issues and then feedback key themes. Each group

concentrated on an allocated theme, but also considered the main issues in the other two subject areas.

4 Key points raised in group and plenary discussions

Group 1 – Main Focus Service Design

Commissioning constraints and flexibilities

- Why can't a Strategic Provider or Providers be identified and resourced to design service models and co-commission/deliver these?
- Can we be clear about what co-design means and the necessary skills? training and capacity issues are important areas.
- The Design Council model is useful and could be further pursued.
- Key challenges would be how to achieve openness and accountability especially to citizens.
- Clarity about, and acknowledgement of, conflicts of interest.
- There needs to be a shared understanding about what a local authority can/can't do.
- There needs to be an acknowledgement of the set of skills which the VCSE brings.
- Perhaps a key idea would be to find a significant specific project, try the new approach and look to standardise procedures from a review of that work.

Other issues

Terms and conditions

- Payment clauses and implementation – prompt payment and a more shared approach.
- There are benefits and risks in Payment by Results and they need to be discussed and responded to openly.
- How do we achieve a good balance between Value for Money, accountability, co-production, partnership, and trust?

Value for Money

- How do we measure and evaluate VFM? e.g., lowest price, bid integrity?
- Do commissioners financially model or provide a contract price and indicators?

Trust

- Should Commissioners share more about the work they do in ensuring service user/citizen feedback is heard, the sharing they do with other authorities etc?

Group 2 – Main Focus Culture Shift in achieving change

The. Group considered key issues and barriers then opportunities

Key issues and barriers

- Barriers and resistance caused by historical, organisational, and legacy of austerity factors.
- Micromanaging by commissioners.
- A need to trust the experience of providers.
- Recognition of the financial pressures of providers.
- A need to relinquish some power.
- In both directions a need to respect the complexity of organisations.
- The current culture is to do with individual relationships. Different commissioners have different approaches.
- Home Works recommissioning was a “bruising” experience, difficult to push back, badly designed, and outcome payments are high risk for providers.
- We need to focus on quality of service & do-ability for staff (not a race to the bottom).
- Providers decide on a case-by-case basis whether to bid, don’t assume providers will automatically bid – leading to risks over market sustainability.
- Heading to 2025, the most difficult period ever for providers.
- Uplifts – should be systematically applied across system.
- Contract extensions – we need additional costs to be included, and can’t commit to extension without an inflation commitment.
- 6% uplift for 2022/23 – a very positive approach as outlined in Committee paper but didn’t include all contracts. Some providers had some of their contracts uplifted but not others.
- Outcome Payments – there isn’t performance related pay in the local authority so we shouldn’t expect it for the VCSE? This was added in very late to the Home Works tender and so was a major deciding factor in whether to bid. This should have been discussed ahead of the procurement process.

Opportunities

- ICS – Ambition for more joint commissioning, and cross organisational learning.
- Opportunities to test out new ways of working going forwards - Loneliness work might be an opportunity to commission across sectors & to co-design & co-commission?
- Providers to meet with ESCC before the end of the financial year to share realities and impacts on service delivery for the year ahead.
- What is the aspiration re power sharing?
- Introduce a “Lessons learned” process post procurement.
- VCSE offering a “Masterclass” in costing tenders, how they respond to tenders, unpick current Ts & Cs – barriers and risks.
- Consistency of approach across commissioners needed – within ASC/Council/NHS.

- Learn from other Local authorities.
- Transparency of processes and risks.
- Voices – Service users & staff delivering services.
- If we get consultation right less micromanaging needed.
- Providers know what members/clients need and want.

Group 3 – Main Focus How to develop more collaborative approaches to commissioning

Commissioning Approaches

- The group recognised good current examples of engagement, for example work with the carer's service and work on hospital discharge- there was much to be learned from these examples about what elements constitute good practice.
- It was recognised that there are more challenges over collaboration in very complex or specialised markets.
- Joint commissioning must be in partnership- again there are good examples underway, for example mental health commissioning.
- Merge integrated paperwork is needed - EQIA and EQA.
- It was felt that we are not harnessing the full capacity of the VCSE but need to think about the diverse range and size of VCSE organisations in looking for effective models of collaboration.
- We do need to learn from good practice in other parts of the country.
- It is very important to have strong foundations and get the basics right- contracts and contractual issues. An agreed set of commissioning principles is needed as a key foundation element.
- We need a solid plan and strategy to give us the roadmap to design and co-design. This will depend on agreeing shared leadership, and the involvement of all partners – not all were at this meeting.
- The main challenge was how to share and develop complex models for co- design, recognising the cultural and political complexities.
- We need to share risk more fully if the model and approach is to be meaningful.
- We need to develop Grants rather than competitive tendering for smaller funded projects.

5 Feedback from the Workshop

Following the workshop. Evaluation forms were sent to participants.

7 evaluation forms were returned 4 from VCSE attendees and 3 from Commissioning attendees.

6 rated the event as 'Very Good' and 1 rated it as 'Good'.

5 rated the event as 'well organised' and 2 as 'OK'.

All 7 felt that they had been given enough prior information about the event.

All 7 felt that the length of the event was 'About Right'.

5 felt that they had a better understanding of the relationship between statutory commissioners and voluntary sector providers in East Sussex, 1 replied 'in part' and 1 felt that they did not have a better understanding.

Of those who answered the question about whether a particular issue should be followed up as a priority the following issues were mentioned.

- Follow up the potential for 'design and build' commissioning.
- Setting up a cross-sector Commissioning Academy had 3 mentions, one of which stressed the need for clarity over leadership and how initiatives are to be driven forward.
- Taking forward a commitment to co-production with communities and the VCSE-building on the motivation expressed at the meeting.
- Embedding the cultural shift and principles of Partnership Plus.
- Social Value- looking at the scope of criteria.
- Work on the sharing of risk- inflation, TUPE rolling forward of contracts/grants.
- A Commissioner/VCSE session to explore respective approaches to the costing of services, with particular reference to how to cost over the length of contract or contract extension in an era of high inflation.
- A review of current contract terms being offered by East Sussex including introduction of payment based on inputs/outputs.
- Examine the possibility of joining up on issues with Brighton and Hove City Council, given Joint CCG and shared Orbis.
- 'We've started a conversation that needs to continue'.
- Need for consistency of approach and strategic leadership.
- Tackle issues of slow payment and contract conformation – technical issues which create problems.

If there were to be a further event, what focus do you think it should have

- Pursuing the Commissioning Academy idea.
- How to make co-design and co-production real.
- Work on a Commissioning Agreement for working with the VCSE.
- Looking at commissioning approaches and models in more detail.
- Exploring cultural aspects of change.
- Training and collaboration on its delivery.
- Several contributors pointed to the issues identified in the earlier question about follow up work to the workshop and suggested that future events should focus on those priorities.

Other comments

“Some refreshing honesty in the session but we need to make sure change happens as often ‘talk’ gets stuck at ‘talk’”.

“Positive first discussion but commitment to strategic leadership of a changed approach is critical”.

“Really good session and very welcome”.

“Thank you for a great workshop”

Appendix 1



The future of VCSE commissioning and procurement

Recommendations from the East Sussex VCSE Alliance

The value and diversity of the East Sussex Voluntary and Community Sector

The Voluntary Community and Social Enterprise Sector (VCSE) includes independent, self-governing, non-governmental organisations that are values driven and which principally reinvest their surpluses to further social, environmental or cultural and sporting objectives. It includes voluntary and community organisations, housing associations, charities, social enterprises, trusts, cooperatives and mutuals.

The VCSE across East Sussex is very diverse and contributes significantly to economic life and delivery of services in East Sussex. Research undertaken in 2020¹ assessed it as including over 3,500 organisations, generating an economic gross value of £76m and employing 6,000 people, equivalent to 3% of the county's workforce. In addition, it harnesses £110m from volunteers who contribute 9.6m hours per annum, or the equivalent of 6,000 full time workers.

As well as providing a wide range of community based support services and meeting community-expressed needs, the VCSE provides a voice for under-represented groups, campaigns for change, supports the creation of strong, active and cohesive communities, promotes enterprising solutions to social and environmental challenges. It is a willing and active key partner and stakeholder in the transformation of the design and delivery of public services.

Developments and learning for VCSE commissioning and procurement

Over recent decades, the way that the VCSE is funded has changed considerably, moving from an historic grants based system to more formal commissioning via time-limited contracts with detailed service specifications and key performance indicators (KPIs). (In addition, it should be noted that the VCSE is also able to attract funds through charitable fundraising, trading, public donation and legacies and is well versed in diversifying its sources of income, with developed skills in managing the reporting requirements of all of these funders).

Although there have been positive aspects in terms of accountability and value for money assurance, the contract culture has tended to favour those organisations who have the capacity and capabilities to respond to the requirements. As one of the core strengths of the VCSE is its diversity, there is growing recognition that best practice models for future procurement and commissioning would benefit from increased co-production and involvement of the widest range of views and experiences from across

¹ <https://www.ivar.org.uk/measuring-what-matters-valuing-the-voluntary-sector-in-east-sussex/>

the VCSE. This in return will ensure that the specific and specialist needs of local communities and populations can be met.

An example of the growing importance being placed on the VCSE's role in the co-design and delivery of future service models is within Integrated Care Systems. Some key themes emerging from the experience of the development of Integrated Care Systems include²:

- Since the NHS five year forward view in 2014, several initiatives, including the new care models programme and ICSs, have promoted collaborative approaches in which providers from different parts of the NHS, VCSE providers and commissioners work together to plan and develop services
- All parties take their place within systems and share ownership of challenges and responsibility for service improvement
- As new approaches to commissioning develop and systems increasingly focus on population health, statutory and clinical involvement in commissioning will need to evolve
- A wider range of professionals – spanning different clinical groups and other public service professionals – will need to contribute to commissioning processes in the future
- After nearly 30 years of quasi-market arrangements, commissioning staff need support to test and embed new ways of working - investment in systems leadership and organisational development is critical to delivering this change
- The role of the VCSE as an integral part of the transformation and delivery of ICS services recommends a significant increase. During a recent session of the Community Mental Health Framework on funding, when NHSE was asked what % of funding should be directed to the VCSE, the response was 'between 25-50% as a rough guide'³.

The recent pandemic has also identified benefits to reimagining VCSE commissioning moving forward, built on using positive experiences of collaborative working to respond to Covid-19 community challenges to build a new relationship. The Sussex Health and Care Partnership commissioned a Covid-19 Sussex wide VCSE review. 'Stronger partnerships, stronger communities and stronger VCSE' makes a number of collaboration and commissioning recommendations⁴:

- Commit to system-wide collaboration, recognising the VCSE as an equal partner
- Collaborate using shared principles for partnership working
- Support experimentation and celebrate success
- Explore opportunities for greater collaboration between funders
- Improve VCSE participation and capacity
- Reduce damaging competition and create more equal partnerships

² The King's Fund, Thinking differently about commissioning - Learning from new approaches to local planning, February 2020

³ Community Mental Health Framework – Transformation Funding Session 2021/22

⁴ <https://www.sussexhealthandcare.uk/wp-content/uploads/2020/12/COVID-19-Sussex-wide-VCSEE-review-full-report.pdf>

- Share data more openly and use this to understand community needs and set priorities
- Collate proportionate and purposeful data collection for the future
- Support and invest in local solutions
- Develop cross-sector approaches to volunteer coordination and development
- Increase and diversify volunteering opportunities

At a Sussex level, we are aware of the current research survey by Orbis 'Optimising Procurement Outcomes'. We would hope that this will provide additional useful feedback and learning that can be used to inform future commissioning models. Similar themes are being echoed at a national level: [Commissioning with the VCSE after Coronavirus](#)

East Sussex VCSE Alliance recommendations for future principles to further develop and embed new collaborative commissioning relationships

The Alliance is fully committed to helping statutory and commissioning partners put into practice a newly imagined and realised collaborative working relationship and partnership with the VCSE. This builds on work that the Alliance has been developing over recent years, which can be summarised in a set of VCSE Commissioning Principles:

VCSE commissioning principle	How to achieve through East Sussex's procurement processes
VCSE is seen as full partners and experts by experience with their skills and knowledge used to shape the design and transformation of services	<ul style="list-style-type: none"> • Ahead of tendering co-production exercises are undertaken with providers, stakeholders and clients to help inform and develop service specifications • The VCSE Alliance is used as a regular reference and consultation group by commissioners to discuss future commissioning plans and potential procurement models
VCSE Strategic Partners	<ul style="list-style-type: none"> • VCSE Strategic Partners are identified for specific work streams, leading VCSE engagement and co-production for the development of new service models, attending project / work stream groups / Partnership Boards etc. • VCSE Strategic Partners are recognised as the experts in service design and delivery of community services • Build in opportunities for senior commissioners/Partnership Plus to obtain feedback from VCSE Strategic Partners their experience in the role – do they feel treated and respected as an equal partner or contractor?
Co-production with VCSE	<ul style="list-style-type: none"> • A current issue cited, which acts as a barrier to VCSE co-production, is a perceived VCSE conflict of interest if involved in a service development, which is then subject to competitive tendering. This contrasts

VCSE commissioning principle	How to achieve through East Sussex's procurement processes
	<p>sharply with this issue never being cited in relation to statutory sector provision (e.g. SPFT delivery of non-clinical services)</p> <ul style="list-style-type: none"> • This issues needs to be removed through the identification of Strategic Partner status to enable effective and early co-design
Contract terms	<ul style="list-style-type: none"> • Ahead of market engagement events and commencement of tender processes, all proposed contract terms, KPIs and payment mechanisms are shared • Commissioners respond to feedback and questions raised by VCSE during market engagement events, with escalation to Partnership Plus where VCSE Alliance consider proposed contract terms to be inappropriate, onerous or disproportionate
Contract variation flexibility / ability to develop pilots without procurement processes	<ul style="list-style-type: none"> • To assist VCSE to quickly respond and help deliver new investment (e.g. Mental Health Transformation Funding), procurement rules are reviewed to increase % of current values that can be varied • Other procurement models are developed to enable quicker implementation and mobilisation of new investment and models e.g. in advance setting up of Framework Agreements of Approved Providers
Grants versus contracts	<ul style="list-style-type: none"> • Consideration be given to reinstating grants for low value funding and procurement either by commissioners, or as part of Strategic/Lead Provider arrangements • Development of a shared understanding of the implications of Grants v Contracts and for example VAT
Funding that covers all costs, including reasonable central and risk contingency contributions	<ul style="list-style-type: none"> • Acknowledgement of need for cost inflation reviews/renegotiation of capacity during contract period or acceptance that providers need to build in sufficient margins over length of contract to mitigate increased costs • Where CPI is used as an inflator, that the contract includes a process for renegotiation of service model/capacity where CPI moves ahead of predicted long-term Bank of England target (currently 2%) • Increased understanding by commissioners of the business model for VCSE providers – e.g. VCSE led information sessions offered to commissioner and procurement teams on how they approach costing of services. This in return can ensure that service

VCSE commissioning principle	How to achieve through East Sussex's procurement processes
	<p>specifications and contract KPIs are set on realistic and sustainable terms</p> <ul style="list-style-type: none"> • Risk sharing approach to TUPE transfer of staff when have statutory agency terms and conditions (NHS or Local Government)
Value for Money	<ul style="list-style-type: none"> • Where there is set funding agreed for a contract by commissioners at tender, the financial assessment score of bids should be based on the capacity and capability of services to be delivered/outcomes and not bidders receiving additional scores for offering below the available funding level – this works against Full Cost Recovery and promotes a 'race to the bottom' culture • Lighter touch contract monitoring that focuses on outcomes achieved and not inputs
Stability of the local VCSE is supported	<ul style="list-style-type: none"> • Minimum 5 year contract with +2 years extension option • Risk sharing arrangements with realistic contract terms that would not financially destabilise a provider
Social Value	<ul style="list-style-type: none"> • Assessment of Social Value adopts a bespoke model for VCSE that recognises impact that local providers and partnerships bring and not just the added value from the specific contract being tendered for (VCSE by default are at their core social value organisations) • Review of the Social Value indicators
Regular client and staff feedback helps shape setting and reviewing KPIs for contracts	<ul style="list-style-type: none"> • There is concern that KPIs are set very ambitiously, with high capacity and throughput having the potential to make staff roles un-doable or unrewarding, whilst also impacting on service quality and experience of clients. Direct feedback mechanisms should be used to agree a balance between quality and quantity, based on experience from those directly delivering and experiencing services
Maximise funding opportunities for the full range and size of East Sussex VCSE providers	<ul style="list-style-type: none"> • Tender specification and/or assessment criteria states need to maximise opportunities for partnership working with range of local VCSE providers • Lead Provider/Alliance models include requirement to assist capacity building of smaller VCSE partners • Specification sets a required contract % to be delivered by VCSE partners • Micro providers can receive funding via grants as opposed to sub-contracts within a Lead Provider model

VCSE commissioning principle	How to achieve through East Sussex's procurement processes
	<ul style="list-style-type: none"> Enabling commissioning of Social Enterprises for statutory contracts for services (e.g. Supply Change is a platform that connects social enterprises to public sector organisations to help them drive impact in their local communities)
Community assets	<ul style="list-style-type: none"> Mapping of potential community assets held by statutory partners that could be transferred to VCSE to open up new opportunities

Putting the principles into practice

The real measure of improved collaboration in procurement and relationship with the VCSE is demonstrated through experiencing a new culture and ways of working. To put this to the test, the East Sussex VCSE Alliance proposes the following actions are agreed and taken forward:

- VCSE Alliance to use the new Alliance support funding from ESCC to expand its membership and develop the capacity of members to maximise representation for the East Sussex VCSE sector.
- Investment in facilitated Systems Leadership development for VCSE and lead commissioners across all key ASC and CCG teams to work together to reimagine and reset a new model of collaborative working and procurement.
- To appoint thematic Strategic Partners to lead and coordinate VCSE involvement in the development of new models (e.g. community mental health Emotional Wellbeing Services). This to include the Strategic Partner coordinating investment and procurement of funding to VCSE partners.
- VCSE Alliance to be given the responsibility to lead on delivery of an identified strategic area for development (e.g. Community Hubs, Health Inequalities), to pilot a new model and evaluate the learning.
- VCSE Alliance is used as the vehicle to coordinate investment in the VCSE sector (e.g. recent examples of procurement for equalities, physical health, engagement).
- For ICS, ESCC and VCSE Alliance to research and propose new procurement models for future VCSE commissioned services (N.B. the ICS have agreed funding for a consultant to work on developing new models for mental health services based on other national best practice examples – aim would be to build on this work).

Appendix 2

List of workshop participants

Neil Blanchard – Southdown

Daniel Brookbank – East Sussex Vision Support

Claire Cordell – Little Gate Farm

Mark Hendriks – ESCC

Matthew Hilton – The Advocacy People

Terry Hume – ESCC Public Health

Kate Lawrence – Home Start East Sussex

John Lewry – Sussex Clubs for Young People

Kenny Mackay – ESCC

Anna McCollin-Moore - Alliance Development Officer

Candice Miller – CCG

Kay Muir - CCG

Steve Hare – Age UK Sally Polanski – AMAZE

Tamsin Peart- ESCC

Paul Rideout - ESCC

John Routledge - East Sussex Community Voice and Chair of East Sussex VCSE Alliance

Penny Shimmin – Sussex Community Development Association

Phil Stone – ESCC Procurement

Jennifer Twist – Care for the Carers

Sam Williams – ESCC

Angel Yphantides – ESCC