

Understanding Procurement to Deliver Innovative Public Services Workshop

Thursday 7th September 2017



Feedback Report



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Introduction

The [Cardiff & Vale of Glamorgan Integrated Health and Social Care Partnership](#) consists of health, local authority, third sector and independent sector representatives. The partners work together to improve health and wellbeing, develop integrated services and ensure that effective care and support is in place for Cardiff and Vale of Glamorgan residents.

The [Wales Co-operative Centre](#) is Wales' national body for co-operatives, social enterprises and employee owned businesses. The Centre champions and strengthens co-operatives, mutuals and social enterprises. It also develops and implements co-operative solutions to tackling poverty and promoting inclusion.

[Social Business Wales](#) is a project delivered by the Wales Co-operative Centre and is funded by the European Regional Development Fund and Welsh Government. Social Business Wales is part of the Business Wales service and can help with a wide variety of challenges – from VAT advice to visioning, from business planning to board development and from sales strategy to stakeholder engagement. The project is designed to assist social businesses which are looking to grow, whether that's through increasing their turnover, diversifying into new products or services, attracting new customers or changing their structure.

Social Value Forum

The Cardiff and Vale of Glamorgan Integrated Health and Social Care Partnership has established a [Social Value Forum](#) in order to help maximise the positive outcomes and well-being of local people; influence local service provision; and add value and focus to what matters to people in a way that exceeds exclusively monetary value.



The Forum operates virtually and promotes events and information across the Partnership to help inform the development of new delivery models. The 'Understanding Procurement to Deliver Innovative Public Services' Workshop forms part of the ongoing work of the Forum.

Understanding Procurement to Deliver Innovative Public Services Workshop

This Workshop was hosted with Social Business Wales following feedback received at the Partnership's Social Enterprise Conference in March 2017. This report summarises the discussions which focussed upon:

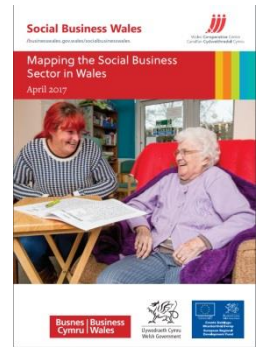
- Demystifying procurement language, tools and processes;
- Exploring how social enterprises can be supported and encouraged to bid for contracts;
- Discussing which collaborative opportunities are available to commissioners and providers.



Context

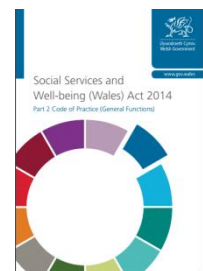
“The social business sector in Wales is worth £2.37bn to the Welsh economy and is supporting approximately 40,800 jobs and offers opportunities to volunteer to approximately 48,000 – 58,000 people”

Source: [Mapping the Social Business Sector in Wales](#), April 2017



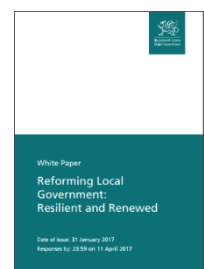
Policy Context

- The Social Services and Well-being (Wales) Act 2014 ([Part 2, Section 16](#)) introduces a duty on local authorities and local health boards to promote the development, in their area, of not for profit organisations to provide care and support for carers, and preventative services. These models include social enterprises, co-operative organisations, co-operative arrangements, user-led services and the third sector.
- The [Well-being for Future Generations \(Wales\) Act 2015](#) is about improving the social, economic, environmental and cultural well-being of Wales. It will make the public bodies listed in the Act think more about the long-term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach to considering the impacts of different ways of doing business.
- The Welsh Government’s White Paper ‘[Reforming local government: Resilient and renewed](#)’ sets out the vision of developing a more equal partnership with citizens. The White Paper outlines that the role of public services should be to support people to live independent lives and to seek to de-escalate demand, intervening only when necessary and only for as long as required. In doing so, the focus should inevitably shift to prevention and a public service which is able to put more effort into helping people to avoid crisis, rather than one which is focused on supporting people in crisis. This is about creating prudent public services for the future.



The White Paper also includes proposed arrangements for regional working including highlighting service areas which should be delivered on a regional basis:

- economic development;
- transport;
- land-use planning and building control;
- social services;
- education improvement;
- additional learning needs (ALN);
- public protection



Wales Procurement Policy Statement (June 2015)

- **Principle 3** - sets out that value-for-money consideration should include benefits to society, the economy and the environment. It requires the Welsh public sector to identify areas of expenditure “*which can be reserved for suppliers with a workforce of 30% or more disadvantaged workers*”, and requires the public sector to *identify areas of expenditure which can be reserved for suppliers with a social ethos e.g. Co-operatives and Mutuels at first tender.*”
- **Principle 4** - requires social, economic and environmental benefits to be an “*integral consideration*” in procurement. This can include providing recruitment and training opportunities for disadvantaged people. Social businesses are well placed to benefit from this principle, as many already deliver in these areas
- The Welsh public sector spends **£6 billion** per year on external goods and services.

The Social Business Offer - A Triple Bottom Line.

- Being responsive to needs of communities and individuals while successfully integrating market disciplines into the way they operate.
 - Social enterprise can play an important role in linking commissioners and users of public services by providing an interface between them.
 - The credibility of the social enterprises as not for profit organisations with a commitment to social benefit impact allows them to build community contribution into their business model.
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- Social enterprises take many legal and organisational forms - what unites them is the commitment to the public interest.
 - Social enterprises work in diverse ways and adopt distinctive business, operating and financial models. Therefore while social enterprises will typically concentrate on their core business of delivering services to the community, they build business models that allow them to be sustainable while contributing to social and economic inclusion as well as to equality of opportunity.
 - From the perspective of public service delivery, these features represent important added value because they allow social enterprises to contribute to citizen-centred service delivery, which places citizens’ long-term needs at the core of service design and delivery. Because they rely on a number of important underlying benefits that are not readily available to other public or private sector organisations, social enterprises are in a position to allow citizens to take on a greater role in actually delivering some services:
 - Firstly, social enterprises are in a foremost position to build trust with the communities and citizens that they serve allowing them to effectively engage with citizens and public service users. This is because of their close relationship to communities through which they are better able to provide responsive services that meet people’s needs.

- Secondly, social enterprises can create the opportunity for efficiencies to arise. This is not primarily because of cost savings, but from the unique way in which social enterprises are able to finance their assets and resources. Innovative financing models and access to a wide range of funding sources from social investors to trusts and foundations allow communities to lever these resources in ways that would otherwise not be accessible to public services.
- Thirdly, social enterprises can offer additional and more flexible capacity to deliver a public service than would otherwise be possible. Indeed they often combine paid staff with volunteers and incorporate working ‘across functions’ as a norm for example.
- Social enterprises reach and engage local people in ways that neither the public nor the private sector can, which helps the targeting and take-up of services as well as offering different ways of involving users and citizens in conversations about the development and delivery of public services.

What do Social Businesses Do?

- The Social Business Wales Mapping Report (April 2017) found that half of respondent businesses earned over three quarters of their turnover from trade, a significant increase from 2014 (41%).
- Financial and professional services, retail, creative services, tourism, and care services were the most commonly identified sectors within which social businesses operate.
- In comparison with the 2014 figures, trade with the general public has leaped (**57%** vs. **41%**) with corresponding declines in trade with the public and private sectors.
- **72%** of social businesses described their main social or environmental objectives as seeking to improve a particular community, whilst **41%** seek to improve health and well-being.
- **69%** of social businesses expect turnover to increase over the next two to three years.
- Similarly, there is a concern about the trading environment for social businesses, with the issues arising from Brexit and, in particular, its impact on European funding alongside public sector cuts identified as likely constraints on social businesses going forward.
- **39%** of social businesses do not measure their social impact.
- Social businesses are typically far younger than private sector small and medium-sized enterprises (SMEs), with almost one third (**31%**) less than five years old. **72%** of social businesses have turnover less than **£250k**.



Table Discussions – Key Points

What are the opportunities when working with Social Businesses?

Legislation

- Social Businesses are able to use all legislation to focus on client centred services, not just Social Services and Well-being (Wales) Act 2014.
- Work differently within legislation

Citizen focused

- Social Businesses are citizen, not profit focused
- Mutuality conversation! Start from bottom up...
- Work together for a common aim



Able to identify current and future need

- Opportunities to build measures in to help inform demand and gaps.
- Need to find ways of gathering evidence - need to go out and talk to people to find out where need is.
- They are able to engage with the community the service is intended for, and ensure it meets their needs
- Brexit can be used to Wales advantage.

Service design

- They can work with statutory bodies to train and support staff so that the design of tenders ensures social and other added values
- Commissioners can include “experts” in designing specifications.
- Good at working with “service users” & carers to discuss service design/ requirements

Flexibility

- Commissioning of static services might not be the answer – Social Businesses can be involved in the conversation to design flexible services and achieve outcomes together.
- Getting the ‘competitors’ around the table to explore ways all can bring together their expertise – Would require guidance to support this process
- Mental health a good flexible dialogue dynamic process for smaller contracts

What are the challenges when working with Social Businesses?

Relationships

- Too many “commissioning” people in the process (pathway)
- Barriers to commissioner access

- Trust/confidence – Commissioners tend to stick to pool of providers which can restrict procurement activities
- There can be occasions of “fluke” introductions to potential service providers – how does this become more flexible?
- Relationship changes with staff changing – takes time to build up new relationships
- Reliance upon goodwill
- Not enough time to develop relationships to help inform the commissioning process.
- There is a balance of utilising expertise to inform tenders versus unfair advantage
- TUPE implications – social businesses cannot compete with statutory organisation terms and conditions
- Managing risk

Commissioning Gateways

- Various tender sites – hard to know all of the opportunities
- Finding out what’s out there?
- Tensions across scale – local and region and national for smaller social businesses
- Flexibility required when commissioning with what we need + want + ability to go outside Sell to Wales
- Sell 2 Wales is limited

Process

- Training for commissioning and contract management
- Meeting criteria for PQQ stage
 - Indemnity insurance
 - Annual turnover
 - Trading period
- Understanding structures and processes for commissioning
- Sometimes onerous submissions for low value contracts – 30 page submission for £40K contract as well as £1m contract.
- The Brief needs to be clear
- The Brief can be too prescriptive in service specification – maybe say what the outcome should be
- Identify supply chain

Delivery

- How to monitor the “right” things and not just focus on costs – measuring added value – outcome based...
- Outcome based commissioning
- Need to build in some flexibility – it’s about a 2 way conversation between commissioner and provider

Business Sustainability

- Development of flexible services
- Uncertainty manifests itself x10 from a supplier side – massive impact on workforce stability and development.
- Move away from grant investment = missed opportunity.
- Long term planning an issue – i.e. families first scheme

- Challenges of fixed three years contracts – not in “core” service/ potential up to five year contracts
- Contract length – cycles are too short – but dictated by annual budget planning rounds and internal budget planning regs. Timescales for these processes are not complementary.

Other challenges

- Procurement legislation
- Need to be unified on need for stability to meet demand BUT WG not listening – legislation unhelpful
- RPBs – experience and the person experience, say as “carer” – is it end results or process that needs to be told?
- Role of RPBs – what’s the appropriate forum – how do you gain new knowledge?
- Mapping responses against national outcomes

Next Steps

It was agreed that a number of actions could be progressed:

- Glossary of terms to demystify procurement jargon and acronyms
- Summary of where to find different elements of procurement regulations and guidance which support the development of social value.
- Production of a Forward Plan of future Commissioning Opportunities across partners over next 1-5 years so partners could identify opportunities for consortia/partnership development
- Focused workshops for statutory partner’s procurement teams to work together.

Who and What in Public Sector Procurement

Public Sector	Welsh local authorities, the NHS, police forces, fire services, higher and further education, the Welsh Government and Welsh Government sponsored bodies e.g. Arts Council for Wales/ Sports Wales
Value Wales	Procurement policy arm of Welsh Government. Is responsible for shaping policy, monitoring practice, supporting and advising professionals, developing the procurement profession and compliance with EU regulations
National Procurement Service	Established to work on behalf of the wider public sector across Wales. By using this combined purchasing power the goal is to secure annual savings of £25m.
Sell 2 Wales	Web portal to help suppliers win contracts with the public sector in Wales. It does this by providing a single point of contact where public sector buyers can advertise opportunities and manage tenders. In addition businesses can find contract opportunities and promote their services
Electronic Procurement Service	Provides public sector buyers and their suppliers with access to online and offline tools that makes it easy to source, order and pay online. It saves time and money to both by ensuring best value is delivered in buying goods and services.
Dynamic Purchasing System	Similar to an electronic framework agreement, with two exceptions, new suppliers can join at any time and it is to be run as a completely electronic process. Used exclusively by public sector organisations.
OJEU	The gazette of record for the European Union. Around 2500 new notices are advertised every week - these include invitations to tender, prior information notices, qualification systems and contract award notices.
RFQ	A standard business process whose purpose is to invite suppliers into a bidding process to bid on specific products or services. typically involves more than the price per item.
ITT	The initial step in competitive tendering, in which suppliers and contractors are invited to provide offers for supply or service contracts
PQQ	Used to help public sector buyers/purchasers shortlist suppliers to invite to tender where a certain level of technical ability is required, and form part of the restricted tendering procedure.
Community Benefits	“Goodwill” contributions that are voluntarily donated by a supplier for the benefit of communities affected by the contract they are delivering. Made a contractual requirement in the contract specification.
Framework	An agreement or other arrangement between the purchaser and multiple contractors which establish the terms (in particular the terms as to price and, where appropriate, quantity) under which the purchaser will place one or more orders with the contractor in a specific period.
Tier 1 Contractors	Main contractors, working directly for the employer and are in overall charge of construction works.
Tier 2 Contractors	Specialist contractors are generally tier 2 subcontractors working for the main contractor to carry out a specialist part of the construction works.