

**NHS NORTH YORKSHIRE AND YORK
BOARD MEETING**



North Yorkshire and York

Meeting Date: 22 March 2011

Report's Sponsoring Director:

Sue Metcalfe
Deputy Chief Executive and Director of
Localities

Report Author:

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Services)

1. Title of Paper: Commissioning of Voluntary Sector Services

2. Strategic Goals supported by this paper:

Goal 1: Comprehensive services for our aging population

Goal 2: Reduce health inequalities

Goal 3: Improved health and well being of the population through the promotion of healthy lifestyles

Goal 5: Highest quality care in the right settings

Goal 6: Strong partnerships focused on the individual

3. Executive Summary

In order to ensure sustainability and continuity for the Voluntary Sector into 2011/12, the PCT Board in November took the decision to roll over the 2010/11 budget with the application of national efficiency target of 4% as required.

The Board paper outlines the approach to be taken and planning proposals for 2011/12

4. Introduction

As above

5. Issue/options

To support the Voluntary Sector in 2011/12 planning arrangements to ensure sustainability and continuity of services where agreed.

6. Risks relating to issue/options

National Compact and CYC Compact requires 3 months notice, whilst NYCC require 6 months.

Possible adverse publicity if contractual change is necessary

7. Finance / resource implications

4% efficiency saving in line with national requirements.

Resource intensive (staff hours) for the time between end of March to October 2011.

8. Statutory/regulatory/legal implications

The PCT will uphold any legally binding contract agreements with the voluntary sector. An Equality Impact Assessment will be undertaken to consider the implications of the efficiency saving requirement.

9. Working with stakeholders/communications plan

Letters outlining the proposals will be sent out to all the voluntary sector organisations funded by the PCT. Discussions will continue during 2011/12 on future contractual arrangements.

10. Recommendations

The Board is asked to support the process regarding the review and refocus of notified Voluntary Organisations.

The Board is asked to note that the outcome of the consultation/review will be brought back to the June Board.

11. Assurance

The outcome of the consultation/review of services between April - June to be brought to the Board on 28 June with recommendations for notification of those services to be changed or cease.

For further information please contact:

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Commissioning of Voluntary Sector Services

1. Introduction

- 1.1 NHS North Yorkshire and York (NHS NYY) spend in excess of £5 million on services from the voluntary sector. Much of this is to fund input to patients care packages. Approximately £768,000 is spent on Mental Health services (including drug and alcohol services) and this is subject to a joint review with both Local Authorities. £1.6 million spent on other general (non mental health) voluntary sector services. This paper focuses on the planning approach for 2011/12 for general voluntary sector services.
- 1.2 Spend on non mental health voluntary sector is spread over 95 different voluntary sector organisations. These funding agreements are historic, are not based on need or with any regard for strategic commissioning or equity of provision. In some cases there is no service specification or contract stating what is expected for the funding. Some of the services now being provided are no longer what were originally agreed. Funding has been rolled over for several years with little performance management or robust monitoring of any agreement.
- 1.3 Significant work has already been undertaken to address the above issues with reviews of the contract arrangements. However due to the number of agreements to be reviewed, this is resource intensive and hence work is still on going.
- 1.4 In order to provide some degree of security with the Voluntary Sector for 2011/12, at the PCT Board meeting in November 2010 a decision was taken to roll over the 2010/11 voluntary sector budget in to 2011/12. The national 4% efficiency target would have to be applied, however this would provide some security whilst the reviews were on going.

2. Progress and Partnership Working

- 2.1 Since the Board meeting in November work has progressed in partnership with North Yorkshire County Council (NYCC) and City of York Council (CYC) to review the current process and agreements for voluntary services funded by NHS NYY. This is work in progress and will continue for several months.

The aim of this work is to:

- Focus the funding of voluntary sector services to support the PCT Quality, Innovation, Productivity and Prevention (QIPP) plan.
- Fund services with service specifications that include clear outcomes
- To provide more equitable services across North Yorkshire and York
- To make the commissioning and monitoring more efficient and effective
- Ensure services provide value for money
- Work within budgetary requirements including efficiency requirements.

2.2 Many of the contracts are jointly held with North Yorkshire County Council (NYCC). The council levied a 3% efficiency saving in 2010/11 and are expecting a further 3% efficiency saving in 2011/12. Value for money reviews have been undertaken and these have helped to inform decisions as to whether funding will continue, be reduced or stop altogether. NHS NYY has been involved in these discussions and there is a joint approach to decision making due to the interdependence the organisations have on statutory funding and to ensure the impact for both organisations is considered.

2.3 At the Joint meetings, the voluntary organisations across North Yorkshire have been encouraged to work more collaboratively, focus on their core business, avoid duplication and ensure value for money. Work is on going with several organisations that provide the same functions to either join together as one or as a collaborative or network. However they must work to one service specification and have a joint contract with NHSNYY and NYCC. This includes:

- REACT (North Yorkshire) – all the Age Concerns/Age UK across North Yorkshire
- Advocacy Services (all generic services)
- Alzheimers Society (all branches across North Yorkshire)
- Carers Resource Services across North Yorkshire and Wilf Ward Trust (Selby) – work to one service specification for Adults Carers services.
- Carers Resource Services (in Craven and Harrogate / Hambleton and Richmondshire) Wilf Ward Trust (Selby) and Action for Children in Scarborough – work to one specification for Carers Services for Children.

2.4 NYCC have recently started a dialogue with the voluntary sector (available on the NYCC website) regarding their approach to financial investment, commissioning and decommissioning.

- 2.5 In York, NHS NYY only have three joint contracts with City of York Council (CYC). Discussions have taken place with the Advocacy network in York and CYC with a view to developing a joint contract for a generic advocacy service. These discussions are ongoing. Further discussions are required with CYC to ensure a more integrated approach.

3. Opportunities

- 3.1 Despite the challenges facing the voluntary sector there are some opportunities for reinvestment in services. The North Yorkshire Adult Strategic Partnership has used some of the Performance Reward Grant money for an Innovation Fund of £1.5m over a 3 year period. This is an opportunity for the voluntary sector to transform how services are delivered and to reinforce the message that change must be embraced if organisations are going to attract public funding.

The criteria for the funding is still to be confirmed but will include:

- Identified community need
- New services are in line with priorities
- Evidence of community involvement
- Use of existing community infrastructure which may be underused
- Financial contribution from other funding sources
- Evidence of planned evaluation
- Exit strategy when funding comes to an end

- 3.2 The Department of Health has also released re-ablement funding for PCTs to work jointly with Local Authorities. The role of the voluntary sector will be considered as part of this agenda and there may be opportunities for the involvement of the sector as this work progresses.

4. Planning Proposals for 2011/12

- 4.1 As previously stated significant discussions have already taken place with the voluntary sector via the infrastructure organisations and in partnership with NYCC and CYC, to discuss service requirements and how the numerous contracts could be reshaped and refocused.

- 4.2 In doing this it was recognised and agreed that there would possibly be differential financial approaches taken across the contracts to ensure fit with PCT and Local Authority priorities. For 2011/12 NHSNYY, NYCC and CYC have agreed to approach the contractual arrangements as follows:

- Maintain current funding levels to specific organisations whose core business is to provide:

- support to vulnerable elderly
 - support to those with dementia
 - support to carers
 - generic advocacy services
- Separate out the funding that goes to Infrastructure Organisations into Infrastructure support, volunteering, forum support, and other services.
 - Apply 4% efficiency requirement to Infrastructure funding and negotiate with NYCC for a county wide Infrastructure specification and contract including a joint specification and contract for volunteering services. Work will progress through 2011/12 to finalise this contract.
 - Apply 4% efficiency requirement across all remaining voluntary services for a period of 6 months from April to September 2011. Carry out a dialogue and review of these services between end of March 2011 to mid June 2011 and give 3 months notice (or 6 if stated in their contract) to any contractual and funding changes to take effect from 1 October 2011.
 - Provide a named commissioning manager as a contact for each agreed specification and contract from October 2011 to ensure that on going performance reviews take place and service specifications are delivered.
 - All contracts agreed must be within the resource envelope available for 2011/12 and where possible, contracts will be held jointly with North Yorkshire County Council and City of York Council.

4.3 The PCT fund a range of service from Infrastructure Organisations. This includes infrastructure support, volunteering schemes, support for a variety of forums, and a range of front line services that have existed for many years. Negotiations are underway with the Infrastructure Organisations in North Yorkshire to develop one joint service specification and contract for Infrastructure support and for Volunteering under one umbrella. If agreement cannot be reached to everyone's satisfaction a new procurement exercise will be embarked upon. NYCC are proposing a 20% reduction to infrastructure organisations.

4.4 The planning process has highlighted a range of essential requirements that need to be considered in the review process, especially given the demographic issues facing North Yorkshire and York. These include:

- Support for older and vulnerable people who would be at risk of rapid health deterioration or crisis if this support were not available

- Support for those with dementia to prevent crisis and maintain independence for as long as the person wishes and is safe to do so.
- Support for carers to assist them in their caring role, have a life outside of that role and maintain their own health and wellbeing.
- Short breaks for carers which offers a positive experience for the cared for
- Advocacy services for people who would otherwise be unable to make their voice heard
- Home from hospital services to support those on discharge from hospital

5. Principles of Decision Making

The following principles will form the basis of funding decisions for continuation, reduction or cessation:

- Investment will be outcomes focussed
- Priority will be given to those services who support those at risk of hospitalisation or loss of independence
- Equitable provision across NHS NYY as far as possible
- Equity of access irrespective of belief, ethnicity, sexual orientation or cultural background.
- Efficiency – is the service cost effective in maximising volume and quality within the available resources?
- Effectiveness – does the service deliver the desired outcomes?
- Ensure other PCT funding streams are not available for the same service.
- There is no duplication of provision.
- Will it give added value? Can the organisation demonstrate that partnership approaches are being taken?
- Does the service demonstrate reciprocity and mutual support and empowerment?

6. Issues and Risks

- 6.1 The proposal is in line with the National and York compact (which asks for a 3 months notice period to any changes in funding). However the current North Yorkshire compact asks for 6 months notice period. The PCT has asked for a refresh of the North Yorkshire Compact to bring it in line with the National compact.
- 6.2 There is some concern regarding the capacity required to ensure accurate and relevant information is gathered in order to make the decisions on future funding and support to contracts. To support this work commissioning staff will be asked to become involved in reviewing services that are linked to their areas of work.
- 6.3 The PCT will uphold any legally binding contractual agreements with the voluntary sector. As stated previously, the PCT may not be in line with the North Yorkshire Compact but it will be in accordance with the

National and York compact. An Equality Impact Assessment will be undertaken to consider the implications of changes to contracts.

7. Communications

7.1 Following the PCT Board's decision a communication will be sent out to all the voluntary sector organisations and key stakeholders to outline the approach being taken and to ask for comments by 17 June 2011.

7.2 The communication will ask:

- Does this approach seem reasonable and fair to achieving the efficiency requirements while responding and planning for the demands of a changing demographic profile?
- If it is deemed unreasonable, what else should be considered?
- Does the framework document assist the sector to better understand what commissioners are seeking?
- Are there any aspects of the proposal that would cause concern regarding equitable access and distribution of services?

7.3 Using the information gathered from the service reviews, decisions will be made regarding the funding of those identified voluntary organisations from 1 October 2011. An Equality Impact Assessment will be completed and be included in a further report with recommendations to the Board in June

8. Recommendations

The Board is asked to:

8.1 Support the process regarding the review and refocus of funding to notified Voluntary Organisations.

8.2 Note that the outcome of the consultation/review will be brought back to the June Board.