

*Contracting and agreements with the voluntary sector*

# **Contracting and Agreements with the Voluntary Sector: An SSD View**

**Denise Platt**

Director of Social Service, London Borough of Hammersmith and Fulham

In taking a social services view of purchasing services from the voluntary sector, I want to examine the topic in terms of our local experience and in the context of planning and enabling, as well as some issues which have arisen through the use of service agreements with the voluntary sector.

## **The borough**

Hammersmith and Fulham is an Inner London local authority in West London bordering the Thames. The borough is famous for a number of reasons. Interest Rate Swaps! Football clubs! – it has three – Queens Park Rangers, Fulham and Chelsea. Wormwood Scrubs prison! BBC Television! It borders on Kensington and Chelsea, Brent, Ealing, Hounslow and south of the river – Wandsworth. In terms of resources it spends around £174 million on services: £37 million on social services. Last year it was a charge-capped authority.

The population of the borough is about 151,000. Increases are expected in the population during the 1990s. A population increase is expected in the over 75s, but the largest single population group in the borough is aged 15-29 years. AIDS is the single largest cause of death for men aged 20-50 in Hammersmith and Fulham. Twenty per cent of our population are from minority ethnic groups.

The borough has very significant deprivation indicators. It is the sixth most deprived borough in London (Low Pay Unit figures). It has the third highest house prices in the country (Nationwide Anglia

survey 1990) which is very important when considering new capital investment for community care and private residential care development. The borough's suicide rate is twice the national average. 41 per cent of the population earn under £100 per week. 28 per cent of the borough's housing stock is unsatisfactory; 13 per cent of households have no bath. These last two indicators are of increasing importance when considering the provision of services to people remaining in the community. It is also interesting to look at the cost of rented accommodation in the borough. Average rents are between £120-140 per week for a one-bedroomed flat to £300 per week for a three-bedroomed house. 32 per cent of the borough's housing is privately rented accommodation.

### **Voluntary sector**

There is a wide range of voluntary organisations in Hammersmith and Fulham which provide a variety of services and reflect the cultural diversity of the community. The organisations range from small, informal, self-help organisations which operate entirely through voluntary effort and fund raising, to large organisations providing specialist services with funding from the council and other sources. There are organisations that cater for particular sections of the community such as black and ethnic minority communities, women, elderly people, people with disabilities, and gay and lesbian organisations. These organisations are the council's target groups in its grant's strategy for any additional funds that may become available.

The services local voluntary organisations provide cover a variety of individual and group services. Individual services include advice, information, counselling, domiciliary and social work services. Group services include residential and day services, self help groups, specialist support, campaigning, recreational and social services which are complementary to the social services department. The voluntary sector also make a considerable contribution to collective services such as advocacy and campaigning work, the development of community awareness, and supporting community initiatives.

Our voluntary sector also provides the interpreting and translation necessary for many people whose first language is not English to obtain the appropriate services.

The 181 voluntary organisations mentioned in our Community Care Plan<sup>1</sup> are those that are currently known to the Council. There

are many more informal groups. Social clubs for the elderly and those clubs run by Tenants Associations for elderly people, or specific groups of people on housing estates, are not included at present in our Plan, but we will try to include them in the one for 1992/3.

By contrast, our Plan lists only three private organisations providing services in the borough – two of these are private residential establishments, one is a private home care service. We have noticed an increase in private organisations supplying equipment for people with disabilities in the borough. The private sector outside our immediate area provides us with a range of residential accommodation which we purchase per client.

The voluntary sector therefore provides a very substantial contribution already to the delivery of community care services in the borough. There are also many voluntary organisations providing general advice on a range of welfare issues that do not relate to a specific client group (as defined in the Community Care Plan) but are often the initial point of contact for people needing help. Many of these organisations meet the needs of particular ethnic groups and therefore fulfil a special role in supporting these people's needs for some form of welfare provision.

The key aspects of the voluntary sector's role in providing services in the local community are that they often involve the users in running the services; they are generally informal; they rarely deter members of the public because of any perceived official status; and can be flexible, innovative and respond to needs identified in the community. The voluntary sector cannot be regarded on the same basis as other sectors, because it is not an homogeneous entity. Organisations have to be treated on an individual basis, or grouped round a particular client group, issue or service.

For us, the voluntary sector is therefore the most important sector to relate to in the delivery of community care. Interestingly, in relation to children's services, the sector is much less varied. Local activity is predominantly in the under eights arena; local partnership agreements or contracts have been with national organisations such as Barnados or National Children's Home (NCH).

## **Planning**

In drawing up a Community Care Plan a social services authority needs to take key strategic decisions about how far it intends to remain

a direct provider of services, and how much service it will be seeking to purchase from other sectors. This is a major local political decision.

There are a number of options available to councillors. They may decide service by service, they may decide an issue of principle that existing services will remain directly provided, or they may decide that all new services will be provided by other sectors, they may decide to transfer as many existing services as possible. Clearly local political policy will influence some of these decisions, and finance – particularly the level of the Community Charge – will have a part to play. Any purchasing of services therefore needs to take place in a clear strategic framework for the delivery of community care. The benefits of contracts or agreements need to be identifiable, not only in financial terms, but also in terms of improved services, quality and user satisfaction.

The London Business School<sup>2</sup> suggests that when purchasing services the method chosen should increase the range of choices for the person. The local authority has a number of options which including negotiating with a range of individual suppliers. Talking with those suppliers, in our case in the voluntary sector, who are already in the field, about their range of services, about what can be provided and for what group of clients, allows new developments to be created jointly rather than our doing this in isolation. What choices are there in the local area for clients and how can this choice be increased or built upon to extend the same choice to a wider group of people? The first point is therefore to ‘find out what is out there’: to analyse the nature of the existing market and to find out the number of suppliers and the services that are available and accessible locally to a person.

When the announcement to phase community care was made last year, the borough was a long way into its process for putting together its first Community Care Plan. Our approach was to try and proceed on the basis of consultation. We initially held three large consultation meetings for different client groups – people with learning difficulties, people with mental health problems and the carers of older people – to discover their views on current services and to identify future needs. These sessions were jointly arranged with the voluntary sector. Some consultation days were run specifically for voluntary groups working in the black community. Additionally, I, or other members of the social services management team, met individually with key voluntary

groups. This was to see how these groups saw themselves contributing, and also to allay some fears that we would not be tendering our own services wholesale. Some groups of course told us they did not wish to contribute and wished to remain independent of the process, reserving their right to comment.

### **Funding the voluntary sector**

There are three main ways in which my borough funds the voluntary sector – grants; partnership agreements; service level agreements.

The majority of voluntary groups in Hammersmith and Fulham rely on an *annual grant*. The council's voluntary sector strategy is decided by the strategic services committee, with input from other service committees.

Statutory and independent agencies have increasingly come to work in an environment where *partnership agreements* for the delivery of some services have been common; many of us have developed partnership schemes where there has been a sharing of funding – revenue or capital. There is much scope here for work with a voluntary organisation which can influence joint development; policy and practice are worked out in tandem; there is a sharing of risk where innovative projects are being developed, a sharing of expertise and resources, and an enhancement of the credibility of a project; there is a clarity of purpose and objectives, a sharing of common values, and a clarity of responsibilities between agencies. These partnerships are usually formalised in contracts and for us tend to be with larger, national organisations with well developed infrastructures such as NCH.

In Hammersmith and Fulham, we have also developed a number of *service level agreements* with local groups, where, in return for funding, certain services are provided, for an agreed number of people at an agreed cost. We, as a local authority, have provided not only cash, but training, monitoring and evaluative support for new schemes. There has been a genuine sharing of our resources, responsibilities, goals, mutual decision making, and adequate notice on either side of any policy change – in short, a respect for each other's task, and a respect for our differing roles.

### **Service level agreements**

The social services department introduced service level agreements (SLA) with the voluntary sector in 1989 as a means of increasing services for people with HIV by using voluntary sector services. These agreements were arrangements where we purchased specified services to address the demonstrated needs of our citizens. We now have two years' experience of negotiating service level agreements, and have increasingly used them as a method of funding new developments in the voluntary sector. The SLAs contain sections on forward planning and budgeting, our commitment to voluntary sector collaboration and quality assurance.

Each SLA is accompanied by three appendices: a detailed service specification worked out jointly with the group, a statement of monitoring requirements, and an equal opportunities statement. As part of the new SLAs, a forum for the HIV voluntary sector has been set up which meets quarterly and which discusses policy issues, changes in service, new developments and emerging needs.

At the end of each year the SLA is reviewed. The review looks at monitoring data and local need as we know it. Only organisations able to demonstrate direct service provision to our residents are considered for SLAs. In total we now have 14 such agreements. SLAs have a very significant role in terms of setting precedents for funding. If the organisation meets its obligations and the social need which it seeks to address is demonstrably present, then it is understood that, subject to the availability of the finance, the SLA will be renewed. Last year funding was withdrawn from one organisation where there was a failure to perform. Withdrawal of funding from local groups is slightly less problematic with SLAs, but if the group has a high political profile, the issues are still emotive. Closure of a service can take place in a blaze of publicity and acrimony, the purchasers need to be very clear about their assessment of the success, or otherwise, of the contract.

SLAs are gaining in popularity, as they provide some level of security, on either side, of both expectation and resource. We are repeating SLA arrangements for the mental illness specific grant –all of which has gone to the voluntary sector in the form of service level agreements. The advantages to us are clear – a security of service provision, local groups supported, local needs met, and a clarity of responsibility.

## **Issues**

What are some of the issues which have emerged for us? Choosing a tried and trusted supplier can favour those groups which are more established, and can be discriminatory to new groups and to the emerging black voluntary sector which may not be particularly well integrated into the more generalist voluntary sector network. Part of our enabling strategy has had to be to try and equip the black voluntary sector with information and skills to develop services where necessary. We have therefore sought funding for two development workers to assist black groups to take a full part in planning and service delivery.

Part of the enabling role of the local authority is to encourage, stimulate and support new voluntary sector initiatives. This can be a source of some controversy, as the resources to purchase services in the voluntary sector are small and have not yet been expanded in my particular area; quite the reverse – the resources have reduced. Therefore, developing new voluntary sector activity out of the same small pot can be quite controversial within the voluntary sector itself. One policy decision which we now have to make is whether existing grants should be converted into voluntary agreements, with evaluation of the services provided. The voluntary sector have mixed views on this. Some voluntary groups are concerned that a move to service level agreements could introduce a competitive element with the private sector even though a competitive process may not be the chosen purchasing method, a private supplier may provide a similar quality service at less cost, and therefore money moves into the private sector and away from the voluntary sector.

Some new groups can get into difficulties very quickly when the expectations of their achievement are over and above the capacity of the organisation to provide for or manage agreements from a number of different purchasers. For groups covering more than one local authority, a number of differing contracts can be problematic – for example in the drugs field, some projects have contracts with a number of local authorities, the health authority and the FHSA. The complex management accounting and cash flow problems this gives to groups cannot be underestimated – part of the enabling process is also to help local groups to develop these skills, or to acknowledge their limitations and ambitions. The voluntary sector needs to be clear about where it wishes to contribute and in what way.



Finally, but most importantly, keeping the user of the service in the forefront of any agreement is most important. In the purchasing process it is only too easy for the customer to be the local authority, rather than the 'end user'. Involving the users of the service in drawing up specifications and quality standards is complex to achieve, but should be attempted where possible to strengthen the agreement and to help in the assessment of success. Developing these sorts of feedback mechanisms are a challenge to us all.

### **References**

1. Hammersmith and Fulham Social Services Department, *Community Care Plan 1991-92*.
2. Norman Flynn and Richard Common, *Contracts for Community Care*, Caring for People Implementation Document No CCI4, Department of Health, 1990.