

Contracting With A Primary Care Trust

Case Study: Royds.

The Challenge:

To continue providing previously grant funded services to the Primary Care Trust (PCT) and Local Authority under a contract arrangement.

Summary points:

- Demonstrating the value of what you do is key to gaining the trust of commissioners both before and throughout a contract.
- When costing services or applying for funding, look for a percentage of staff costs to cover core running costs; usually around 25%.
- Being commissioned rather than grant funded gives an organisation something to expand and improve on; greater optimism for the future.

What and Why:

• **Expand on what the challenge is and the activities associated with it.**

As a long established community association, advice services form a core element of Royds' social programme. A move by public agencies to commissioning presented an opportunity to sell these advice services on a more sustainable footing but the organisation had to demonstrate why that would be appropriate.

The services include counselling and advice on welfare benefits, debt, and advice for older people linked to the Department for Work and Pensions take up campaign as well as more recently a healthy walks initiative and potentially a community wardens' scheme.

• **How does the activity align with the organisation's mission / values / aims / objectives?**

The social programme is at the heart of why Royds exists, with more commercial trading activity being seen as a source of subsidy. Although not deemed to be a surplus generating activity for Royds, the contracts improve the sustainability of the social programme. At best they are expected to break even.

• **How will the activity improve the financial sustainability of the organisation in the short, medium and long term?**

Whilst the only discernable difference between a grant and a contract is the opportunity to retain any surplus, the difference to the organisation of a contract over a grant is significant. The contract gives more recognition to an activity and an opportunity to work with the commissioning agency on developing the service. A contract offers something to build on and opportunities to expand and improve what you do. Royds has managed to secure two year contracts from the PCT but would ideally like three years.

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? • How?

• What were the key steps in establishing the activity?

With grant funding Royds was already delivering services and had achieved thousands of pounds of savings for the PCT, through preventative health care. For example, by addressing debt problems and helping with access to benefits, local GPs report a reduction in demand for GP appointments and prescribe fewer anti-depressants. Royds had evidence of these savings and on that basis proactively made the case to the PCT and Local Authority that this work should be commissioned.

• What additional resources / skills were identified as being needed by the organisation to progress the activity?

Financial: The contracts were costed by Royds and then negotiated with the PCT and

Local Authority: The organisation requires 25% on top of staff costs for core running costs.

Personnel (staff, volunteers, board / trustees): A programme of training was already in place for advisers. Contract management is necessary but this is seen as a positive process to allow continuous improvement and flexibility in delivery.

IT: Investment in IT was made to deliver the contract. All advisers now have laptops with wireless connection.

Assets: Outreach services are delivered from community associations, GP surgeries and residential homes for the elderly so no fixed base is required other than for management who are based at Royds HQ.

Monitoring and evaluation: The contract requires quarterly reporting to monitor service delivery. All visits are recorded and evaluated, advisers produce file reviews and case studies and review what's working well and what's not. A key element of the contract management is an open dialogue with the PCT that includes management and advisers.

Reporting is not viewed as a burden and being asked to demonstrate the outcome of working with individuals can be a boost to staff morale as well as being a valuable record.

Complementary activities: To add to the benefits and debt counselling services the organisation has established a branch of Bradford Credit Union in the local community.

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Who's Involved?

• How were stakeholders identified and brought on board?

Board: The reservations of some board members lay in the fact that the move from serving three communities under Single Regeneration Budget to serving all of South and West Bradford under a contract may compromise the community oriented nature of Royds.

Service Users: Service users have seen no change in delivery. The effectiveness and efficiency of delivery is greater than it would be if the PCT delivered themselves because of Royds' close community links and experience already amassed. The other option for the PCT would be not to commission at all.

Commissioners: The PCT and Local Authority were convinced of the value of the contract thanks to existing relationships and knowledge of the organisation and delivery record to date.



Why Not?

• What risks were identified in establishing activities?

The commissioning experience has been entirely positive for Royds and has been a key development in making the transition from SRB funding. The only element of the process that would ideally be addressed is the commissioning period of the local authority and the PCT. They currently re-commission every two years but not in tandem. This means that the organisation has to re-negotiate with one party every year. Some improvement in partnership working between commissioning agencies could be made. It remains to be seen how the restructuring of PCTs will affect current arrangements.

• How were these risks managed?

The success of the relationship with the PCT is based on personalities that have enabled a flexible and open commissioner / deliverer relationship. Any issues are addressed in partnership.



Key Facts:

- **Organisation's name and trading subsidiaries:** Royds
- **Organisation's mission:** "To be a major community led enterprise facilitating regeneration and renewal to deliver sustainable communities both locally and nationally"

FYE 2004 / 05 Turnover:	£1.3 m	No. of paid staff 25 FTE
% Income grant v trading projects.	65 : 35	100s of volunteers in different

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Moving Forward:

Further contracts to deliver a healthy walking initiative and a community wardens' scheme are at various stages of negotiation. At present, there are no plans to extend the area in which the social programme is delivered beyond the PCT area. The Royds board is not planning any further geographical expansion but extending further commissioning opportunities in the same area would be considered.

Royds will always require grant funding and bids to funders are being made to relevant funds including the Big Lottery and the British Gas Energy Trust. Royds is looking for 25% of staff costs for core running costs in grant applications as well as contracts, however some grant funders will still not accept full cost recovery.



Background:

Royds Community Association developed from a group of determined local residents, who were committed to halting the decline of their previously lively and attractive neighbourhood. It consists of three housing estates – Buttershaw, Woodside and Delph Hill - located on the outskirts of Bradford. The Association was awarded £31 million of funding from the Single Regeneration Budget to regenerate its area physically, economically and socially.

The Royds Community Association is managed by a Board of Directors. The Board comprises 15 Directors drawn from a wide sphere. 8 Directors represent local residents and the remainder represent local institutions as well as the other partners involved in Royds Partnership; a private sector partner, Keepmoat PLC, Brunel Housing Association, local churches and the PCT. At least one position is reserved for a nominee of the City of Bradford MDC.

Over time Royds has become a mix of income generating ventures and a social programme. The social programme has grown to cover the South and West areas of Bradford, co-terminus with the PCT. The Social Programme delivers a wide range of projects including: Community Capacity Building, a community environment programme, housing development, a healthy living centre, advice services, a positive youth action programme etc. On the commercial side, Royds offers consultancy, web design services, runs an enterprise park, manages a parade of shops and more.

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