

The cost of short break services: understanding the contracting and commissioning process



Centre for Child and Family Research, Loughborough University
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Background and context

Action for children is a major provider of short break services – with over 20 years' experience of providing short break services to disabled children, young people and their families. Whether community based, family based or residential, all our services are tailored to meet the aspirations of individual children and young people.

Over the past four years Action for Children has implemented a programme of research on short break services for disabled children and their families¹. We have sought to identify the cost benefit of short break services² and the outcomes achieved, the final elements of this programme were to benchmark our costs against Local Authority provision and understand the costs attributed to the contracting and commissioning process of short break services.

Despite substantive spending cuts across all public services, it is apparent that the present national government recognises the importance of short breaks for disabled children, young people and their families. This is evidenced through the introduction of the statutory duty placed on local authorities in England to provide a range of short break services.

The statutory duty to provide short breaks at a time of public spending cuts, the removal of ring-fenced funding, along with the emphasis on the market economy to ensure financial efficiencies, has resulted in changes in the funding environment for both local authorities and independent and voluntary providers. It is evident that the new funding environment has had an impact on the way that both voluntary providers and local authorities operate. Research has found evidence of shorter contracts, budgetary uncertainty, and increased monitoring and scrutiny of both the costs and outcomes of short break services. The contracting and commissioning process is now fundamental to the way in which short break services are made available to disabled children and families

The research

The research was commissioned by Action for Children and carried out by the Centre for Child and Family Research, Loughborough University.

The aim of the research was to explore the costs of short break services for disabled children and their families. The study also sought to understand the contracting and commissioning process, including the factors that inform decision making processes and the management of budgets.

Data were gathered using an online survey circulated to a network of local authorities through CCFR's Research Coordination Group. In total, seven local authorities completed the online survey. Further information was gathered from in-depth interviews with commissioning managers in three other authorities. These three authorities were involved in all aspects of the research including providing detailed costings of their short breaks services.

¹ Available at: <http://www.actionforchildren.org.uk/policy-research/research>

as long as it takes

Key findings

Providers of short break services

- The findings suggest that fewer local authorities are providing short break services in-house and, with the exception of overnights (both residential and foster family based), are increasingly looking to external providers to deliver the full range of short break services required by the new legislation. The increased use of Direct Payments and Individual Budgets may further impact on the nature and availability of short break services
- After school clubs and other community short break services were most commonly provided by independent or voluntary sector providers.

Commissioning arrangements

- The local authority representatives reported that external providers are believed to offer greater knowledge and expertise in providing support for disabled children and their families, along with offering good value for money.
- The local authorities measure the success of a provider through evidence of the achievement of good outcomes for disabled children and their families, along with evidence of value for money. However, the way in which success was monitored varied across the local authorities.
- There is some evidence to suggest that efficiencies within local authorities can be achieved through implementing a 'grant procurement' process. However, concerns were raised by some local authority representatives regarding the impact that short term commissioning may have on the quality of service provision and the loss of continuity for children and their families.

Contractual arrangements

- The recent trend towards shorter contracts has resulted in pressure on the voluntary sector to reduce the costs of services. Shorter contracts, however, may not be a cost effective commissioning strategy, may impact staff recruitment and retention and negatively impact the quality of the service provided and the outcomes achieved for the most vulnerable children and families.
- The data suggest that the commissioning of short break services was driven by a combination of a desire for high quality services for disabled children and their families and a competitive price. Cost, added value, better outcomes and specialist expertise and experience were given by the survey authorities as the reason for commissioning short break providers rather than delivering them in-house. However, the same specialist experience and expertise sought from the independent and voluntary sector by commissioners may be jeopardised by short term contracts.
- Local authority representatives reported that, while some advantages can be gained through on-going contracts with service providers, the view held by local authority commissioners was that the length of these contracts are constrained by local and national spending review cycles.

Next steps...

Consideration may need to be given to the unique needs of disabled children and their families and the impact that short term contracts might have on this vulnerable group. Longer term contracting may bring efficiencies through delivering consistent, high quality services, with experienced staff with specialist skills. Furthermore additional costs are incurred through the commissioning and tendering process. Consideration of the impact of longer term contracts on the costs of the commissioning and tendering process may be of benefit to both commissioners and providers.

Tendering process

- The variability in the tendering process across local authorities has been found elsewhere to be problematic for voluntary sector organisations, increasing the time taken to complete applications for similar services to different local authorities that have different application methods in place.
- Voluntary service providers reported having to pay staff less due to the need to submit competitive applications. This, combined with job insecurity engendered by short term contracts, raised concerns regarding the retention of staff. The retention of staff is of concern to providers, not only to ensure that they have sufficient supply of staff to provide the service, but also to ensure that the quality of these staff is retained.

The costs of short break services

- Previous research shows that understanding the costs of short break services for disabled children and their families is highly complex. Firstly, the cost of similar services can vary considerably between providers and secondly due to how costs of those services are calculated and most notably how 'full cost recovery' is accounted for.
- The study suggests that Action for Children short break services offer good value for money, most notably in relation to staff and overhead costs. On average Action for Children short break services include a higher proportion of the overall costs on staff salaries. The experience and numbers of staff offered as part of those services are valued by funders and service users (McDermid et al., 2011). Payments to staff and foster carers have also been linked with retention, an important consideration within a service area that supports children with highly complex and unique needs. The study also found that on average the costs of Action for Children services include a smaller proportional component for management costs, suggesting that some efficiencies can be made by commissioning a larger organisation, utilising economies of scale.

The cost of the contracting and commissioning process

- It is evident that the contracting and commissioning process accounts for a notable proportion of local authority expenditure on short breaks and that, in contrast to independent providers, these costs are not included in the calculation of the costs of short break services for disabled children and their families. The costs of the contracting and commissioning process within local authorities can therefore be described as 'hidden' costs. Consideration into how the costs of the commissioning process might be included in local authority calculations may enable a true cost of local authority provided short break services and facilitate better comparisons between those services provided by local authorities and the independent and voluntary sector.

Next Steps...

Community based short break services are among the least costly to deliver, there is some evidence to suggest that they are highly valued by disabled children and their families. They are also among the most complex to compare, a fact that is compounded by the lack of detailed data held by some local authorities. More transparent and comprehensive data regarding these services may assist local authorities calculate more rigorous benchmark costs.

This study supports the findings of Children England (2010) which suggests that a transparent commissioning process with clearly defined criteria for the selection of providers would be of great value to all agencies operating in the sector.

A balance must be struck by providers between introducing transparency into the sector to ensure costs can be reasonably and competitively compared, and ensuring commercial sensitivity is maintained. Variation in the costs of similar types of short break services may be partially attributable to the fact that even similar types of short break services vary considerably

Monitoring of services

- While all of the local authorities reported that the monitoring of services was an essential part of the contracting and commissioning process, none of the local authorities reported using independent or standardised measures in order to assess outcomes.

Direct Payments and Individualised budgets

- The increased use of Direct Payments and Individual Budgets may further impact on the nature and availability of short break services
- The move towards Individualised Budget streams may provide the voluntary sector opportunities to contribute to the development of this market. Resource allocation for the purchasing of different types of short break services through direct payments must be based on realistic and benchmarked costings. Accurate and comprehensive costings for short break services will ensure that personal budget holders have sufficient allocation to purchase the services they need, and that independent and voluntary providers can recover the full costs of service delivery. Without such costing's personal budget holders will have difficulty finding support from suitably qualified and experienced individuals and the provider market will be unsustainable. Greater transparency in the costs of different services will also provide a level playing field for families purchasing services through Direct Payments and Individual Budgets.
- Additional policy developments in the way that short breaks are delivered, most notably the emphasis on Direct Payments and Individual Budgets, may result in further changes to the market. For instance, there is some evidence to suggest that a small proportion of local authorities are reducing the number of short break services they commission in response to reduced demand. Further changes to the types of short breaks commissioned can also be evidenced. Prabhakar, Thom and Johnson (2010) found a trend towards personal services in Individual Budgets pilots while the demand for overnight residential short breaks reduced as families opted to purchase other types of short breaks with their Individual Budgets

Next steps ...

Resource allocation for the purchasing of different types of short break services through direct payments must be based on realistic and benchmarked costings. Accurate and comprehensive costings for short break services will ensure that personal budget holders have sufficient allocation to purchase the services they need, and that independent and voluntary providers can recover the full costs of service delivery. Without such costings personal budget holders will have difficulty finding support from suitably qualified and experienced individuals and the provider market will be unsustainable.

Local authorities and other providers must ensure that accurate cost calculations, including full cost recovery are used to ensure that sufficient resources are made available for services purchased through Direct Payments and Individual Budgets.

Involvement of disabled children and their families in the commissioning process

- The views of disabled children and their families were central to the commissioning process. All but one of the survey and in-depth authorities reported that they consult children and families when identifying which type of short break service to offer and which providers to deliver them.

Next steps...

Consideration may need to be given to the unique and specific needs of disabled children as part of the contracting and commissioning process.

Further information

If you have any queries about this research or would like further information, please contact:

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