

Keep it Local Commissioning Guide

10 ways to Keep it Local
in health services

March 2026



VCSE
health &
wellbeing
alliance ■

locality
the power of community

Introduction

This practical 10-step guide outlines how to take a Keep it Local approach to commissioning health services with the local voluntary, community, and social enterprise (VCSE) sector.

It builds on our previous version for local authorities, incorporating a wealth of insight based on more than a decade of working with forward-thinking councils, as well as Locality's years of research developing the Keep it Local for Better Health approach.

It has also been shaped by the real world experience of West Yorkshire Integrated Care System (ICS) as they have become the first in the country to adopt Keep it Local.

Our experience shows the Keep it Local approach to commissioning can empower the local VCSE sector and enable them to achieve the full impact of their services. Hence, the guide is a vital tool for commissioners seeking to strengthen the sector's contribution to health and achieve the desired shift to a more preventative and community-focussed "neighbourhood health service".

The sector is uniquely adept at addressing health inequalities, acting on the wider determinants of health,

and keeping people well in their communities – all of which is required to provide a lasting solution to ever increasing demand for services.

The guide provides practical recommendations and case studies, covering a range of themes from early planning to evaluation. The key overarching message for commissioners is the importance of taking a simple and collaborative approach to their work.

Involving local VCSE organisations – and the wider community – as active partners in the commissioning process is key to securing good outcomes. Commissioners also need to make it as easy as possible for the sector to bring their expertise to the table, bid for services, and show what they can do.

Commissioners can tap into the vast reservoir of local experience and expertise ready and willing to support people's health in every place – the ten steps below show how. ■

1. Understand the benefits

It is important to start by thinking through what can be gained by taking a Keep it Local approach. We emphasise three core benefits to the public sector locally:

1. **Benefits to service users** – the distinctive approach of local VCSE organisations can provide better services for local people that transform lives¹
2. **Benefits to public sector budgets** – by taking a person-centred approach, local VCSE organisations can reduce demand and bring down long-term costs²
3. **Benefits to the local economy** – commissioning local VCSE organisations ensures precious public sector resources invest in the local economy rather than leaking out.³

Keep it Local also provides four additional specific benefits to ICSs:⁴

- **Adopting a preventative approach** to reduce demand on services, where local VCSE organisations often take a holistic, person-centred approach to work around the wider determinants of health
- **Tackling health inequalities**, through the sector's embeddedness in networks of disadvantaged

communities, allowing it to provide deep insight and ensuring services are inclusive and culturally competent

- **Supporting broader social and economic development**, for instance by generating wealth in the local community through the local economic multiplier effect
- **Helping to embed the VCSE sector** across the work of the ICS to enhance decision-making and the shaping and coordination of services at all levels.

Having these benefits clearly in mind is a critical first step to getting wider buy-in to the Keep it Local approach and ensuring that everyone is working together for a common goal.

It can also help focus on which services this way of thinking is particularly appropriate to. Our experience is that it is "person-centred" services crucial to integrated neighbourhood health – eg, mental health services, social prescribing, and healthy lifestyles support – where there is greatest impetus to Keep it Local. This is where there is clearest line of sight to the benefits, and momentum is most likely to be built across your organisation or system. ■

2. Consider the options

Too often, there is automatically seen to be a set process which takes commissioning and procurement down a particular path. It is this which has led us to our current default of standardisation and scale in local services.

As the public benefit lawyer and procurement expert Julian Blake describes it, the question of how a public body should commission a service has developed “a distorted, standard answer – by following established public procurement internal protocol and prescribed procedure, which inverts the proper relationship between process and purpose”.⁵

So, a key early step is to consider the full range of available options for delivering the service you want. The “make or buy” moment tends to default to an “in-house” versus “standard competitive procurement” discussion. However, previous Keep it Local commissioning guidance or publications like “The Art of the Possible in Procurement” make clear other avenues are not only available but have also been actively encouraged by government.⁶

The Provider Selection Regime is helpful in its flexibility to consider a range of approaches for procuring health services, avoiding the necessity of defaulting to competitive tendering which tends to favour large providers. The direct award or most-suitable-provider route may be more appropriate. For instance, in using the latter, you could increase the relative weighting of criteria like improving access and addressing health inequalities which are natural strengths of local VCSE organisations.

Another strength of the Provider Selection Regime is the way it is designed to enable greater integration and enhanced collaboration across the system. Through this framework, commissioners have the discretion to design simple and collaborative approaches to working with the local VCSE sector, avoiding the competition and bureaucracy that can stifle local innovation.

Two key examples that have proven effective in unlocking the sector’s potential are alliance contracts and innovation partnerships. They will often require commitment from the whole organisation and senior management support – but examples like [Oldham’s Innovation Partnership](#) or [Plymouth’s complex needs alliance contract](#) show this investment can lead to gold standard commissioning results.

It’s worth noting that these collaborative approaches are also feasible for some services falling within the scope of the Procurement Act 2023. This is made possible by the “Light Touch Regime” – outlined in Section 9 of the Act – which covers a wide range of “person-centred” services – including social care, educational, cultural, community, personal, youth. It places these outside the mainstream procedural requirements of procurement. The NCVO report, “Purposeful Collaboration”, provides detailed guidance on using the flexibilities of the Act to collaborate with the VCSE sector, and covers alliance contracts and innovation partnerships in detail.

It may also be that a grant is the most effective way of achieving the desired service outcomes (see the “Grant or procurement?” section, below).

We believe it is critical to consider these options at the start of the commissioning process. Otherwise, procurement becomes a “black box” that commissioners can’t look inside, and all too often we end up with processes which don’t match the desires of the service specification and can’t deliver the outcomes required.

Grant or procurement?

Competitive procurement has become the automatic outcome of most commissioning. But guidance from the National Audit Office (NAO) makes clear that judgement is required and using grants is often not only perfectly permissible, but it might also be the most appropriate way of funding a service:⁷

“The rules on when you can use a grant and when you can use procurement mean there are many situations when a public body could use either. You need to decide which one is more suitable for your programme, service or intended outcome and is likely to provide the better value for money. There may be scope and good reasons to use both. There is no hard and fast rule for this.”

The NAO explains that four different – but linked – factors need to be weighed up:

- **State of the market** – generally, the more competitive the market, the more likely a public body will be to choose procurement. But if the market consists mostly of VCSE organisations, a competitive grant process may be more appropriate
- **Desired future state of the market** – If the current market is weak, a public body may wish to target individual VCSE organisations for capacity building. Or if an existing VCSE organisation is doing a good job and there is no viable “competitor”, the

costs of competition may be deemed a waste for both the public body and the provider, with another mechanism used to ensure value for money

- **Capacity building** – sometimes a VCSE organisation might be the only organisation that can reach a particular group but lacks capacity. In such cases, the public body may decide on a capacity building grant
- **Enforceability** – a contract is a legally enforceable agreement between the commissioner and the other party where the other party agrees to provide services in return for payment. With a grant, the commissioner giving it has no right to receive anything in return but may attach terms and conditions specifying how the grant is to be spent. Spending the grant on anything else would be a breach of trust. Either grant or contract may provide a public body with a sufficient basis to meet the level of accountability required.

The core principle to note is that grants should not be used where the Integrated Care Board (ICB) requires the provider to provide a service (which would amount to a contract for services and require a procurement process).

Instead, grant funding can be given to a VCSE organisation where the ICB wishes to support the activities of that organisation because they complement the services that the ICB commissions. Grants cannot be used to enforce the delivery of services and should not be used as a “short form” contract for services.

Effective grant-making

A simple, proportionate and consistent approach should be taken when making grants, and they should not be used as an easier alternative to contracts when the latter is more appropriate. While contracts provide

more performance levers for monitoring and quality assurance, grants can be used very effectively for harnessing the power of the local VCSE sector. For instance, they are particularly appropriate for:

- developing new services, by providing more space for testing and learning
- building an organisation's capacity – helping where there is only one organisation capable of reaching a particular group, but it needs support to develop its capabilities
- hearing and amplifying neglected voices that may not yet be receiving adequate attention and support from the public sector
- providing local solutions to local problems by allowing groups to come forward with their own solutions
- engaging the wider local community, where local residents can have more say and control over the activity. ■

Bristol, North Somerset and South Gloucestershire ICS

In July 2024, the ICB Board in Bristol, North Somerset and South Gloucestershire approved a set of principles for better integration of the VCSE sector in the ICS.

This includes a “grant first” approach “to enable appropriate investment in micro and hyper-local VCSE activities”.

This approach was adopted on the basis that most of the VCSE sector is more familiar with grants than contracts and is deterred from the procurement process. However, within the ICB, contracts have become the norm despite public sector commissioners having grant-making powers.

The ICB also acknowledged the “VAT penalty” of contracts for many organisations, which leads to a 20 per cent loss in funds.

The “grant first” approach aims to tackle these issues by reducing VCSE sector cynicism towards commissioning and enabling space to develop creative solutions for complex issues.

It also aims to ensure that expert local VCSE organisations have a leading voice in how to best meet their communities' needs. And it will enable flexible responses to emerging and changing needs.

3. Prepare your community

Local VCSE organisations have huge experience, specialist skills and innovative ideas. But they need time to plan so they can bring this “power of community” to bear. Our Keep it Local work has identified short timescales to be one of the key commissioning barriers for local organisations. Short notice invitations to tender can be particularly damaging for smaller organisations, not giving them the time and space to participate in procurement exercises and show what they have to offer.

It is therefore important to publish a forward procurement plan. In the first instance, this should be as comprehensive as practical, recognising that plans change quickly, and decisions aren't always taken ahead of time. But it's useful to get whatever information there is out there – and starting to publish even limited information will drive behaviour in the right direction.

Be transparent about what you can't be transparent about and why. This can build trust, letting local organisations know there are genuine reasons for incomplete information. It's a way of then sharing the problem and crowd sourcing solutions.

It is important to acknowledge the challenges that make publishing comprehensive and timely tendering information difficult. It may be possible to streamline or circumnavigate some internal processes, like rules around procurement. However, there will often be external pressures, notably short-term decision-making cycles driven by budgetary pressures.

A comprehensive solution will therefore require sustainable and long-term funding for ICBs that allows them to fulfil their increased responsibility for local commissioning in a way that strategically supports the shift to a community-based, prevention-led, neighbourhood health system. ■



4. Engage early and use co-design

Services that work for local people are best designed in partnership with them, rather than behind closed doors. Local VCSE organisations are particularly well-placed to understand what interventions will work best for local people's health and wellbeing, given their long-term community presence, and the knowledge and relationships that come with this.

As such, commissioners should speak to them early and often when seeking to tackle a problem. The sector is ready, willing, and able to work together to create the best possible services, but sometimes commissioners think this is contrary to their need to ensure fair competition.

So, it is important to understand that it is a myth that commissioners can't engage early in service specification. As "The Art of the Possible in Public Procurement" explains: "The Regulations here are absolutely explicit. You can talk to the market about your tender specification – and even the tender process itself." It points out: "The first thing to remember about pre-tender consultation is that it's pre-tender. The second thing to remember about pre-tender consultation is that it's pre-tender."⁸ The importance of pre-market engagement is also stressed in the government's February 2025 [National Procurement Policy Statement](#).⁹

The Keep it Local approach will be crucial to the role of ICBs as "strategic commissioners, and as a compliment to population health management and the use of population health data.

We recommend engaging with local

VCSE organisations and the wider community early in the commissioning cycle, at the "deciding priorities" and "designing services" stages. Here, commissioners can work with both communities and prospective providers to co-produce not only what the service looks like but also what outcomes it should aim to achieve.

When considering service design, the health system should take an outcomes-based approach, allowing local VCSE



Figure 1 Commissioning Cycle - courtesy of NHS England

organisations to propose the most effective solutions to achieving them.

It is also important in this early stage to collaborate in designing evaluation, one of the most common areas of tension between health commissioners and local VCSE providers. Here, it is helpful to be flexible, open-minded, consider

a range of methods, and agree a shared approach around data and analysis at the outset. This includes the metrics to monitor within an outcomes-based framework, shaped between population health management data and community insights.

Commissioners can assist this process by sharing intelligence with local VCSE organisations. For instance, some areas develop shareable intelligence by coding data from electronic health records, using systems such as [SNOMED CT](#). This establishes shared vocabulary and understanding of local challenges.

One helpful method for capturing the value of preventative work is the “theory of change” approach to measuring health creation. Here, impact on the wider determinants of health – indicators such as access to services, economic and working conditions, and access to green space – could be used to demonstrate longer-term impact on health promotion and illness prevention.

Commissioners should also avoid relying exclusively on quantitative data, as this risks missing the full impact of a service and rich valuable learning. For instance, the increasingly popular [Ripple Effect Mapping](#) provides a participatory, qualitative method that can capture the wider (intended and unintended) impacts of a project or programme.

Gloucestershire ICS

Gloucestershire ICB worked with their local VCSE sector to co-produce a way of capturing both qualitative and quantitative data. Their aim was to ensure a robust evaluation that satisfied the needs of commissioners as well as giving VCSE organisations information to help develop their work.

They now operate with a collaborative framework for evaluation based on shared vision, values, goals, and understanding of client outputs and outcomes linked to NHS data.

Their approach to data collection includes a range of methods for capturing the full value and impact of the VCSE sector including the Ripple Effect Mapping process described above. They also look upstream and measure impact on wider determinants of health.

Their team spends time proactively building relationships with local VCSE organisations, having regular open and honest communication, and working together to learn from and overcome shared challenges.

Working proactively to build a detailed understanding of the local VCSE sector can support early engagement and co-design. This includes understanding the value of work already taking place, and where there are gaps and further development needed.

This will help in navigating the different routes available through the Provider Selection Regime. It will also help commissioners start with what is already working well, avoiding the temptation to simply fund the shiny “emperor’s new clothes” of a big new bidder.

Effective co-design also requires commissioning and procurement to be fully joined up processes. However, previous Locality research has found that commissioning and procurement functions are often disconnected and seen as two different disciplines: the former about innovation, solutions, and outcomes; the latter about rules, processes, and finance. To embed a two-stage approach to co-design, these barriers need to be broken down, so the commissioning and ultimate purchase of the service are fully integrated. ■

Hypertension Heroes, Kent and Medway ICS

A particularly good example of co-design in action is the “Hypertension Heroes” programme commissioned by Kent and Medway ICB. The ICB had received a small pot of funding to support people with blood pressure management at home.

The funding was provided to a local social enterprise – EK360 – who used this to develop the programme, based on the idea of peer health promoters working in places with high rates of blood pressure and within seldom heard groups.

The programme supports communities to understand the importance of blood pressure, how to measure their own, and how to interpret the readings. It is managed and coordinated with the local VCSE sector with a broad spectrum of organisations involved.

The success of the project led to it being shortlisted as a finalist in the “Innovation and Improvement in Reducing Healthcare Inequalities” at the Health Service Journal Awards 2023.



5. Think creatively about community engagement

Often the engagement methods used by the public sector aren't very engaging. Simple changes can make a big difference to how involved local organisations feel and their desire to participate.

Our Keep it Local work has developed a few tips:

- Don't just focus on the technical information and procedures. People often attend multiple engagement events, and it can be easy to be turned off by dry detail sharing that isn't well-tailored to the audience
- Can the standard information be delivered beforehand? Can it be recorded on webinars or videos, so that people can find it at their own leisure and you reach more potential suppliers?
- Use a varied format for the sessions so that people don't feel like they're going to the "usual" event
- Think about venues – don't just do everything on your terms and make people come to you. Engage with

the community in their own spaces in situations they have control over and feel comfortable with

- Engage a local VCSE organisation or infrastructure organisation to host and support the event, bringing a more community--based, connected feel and approach.

However, it's not just about the mechanism – it's about the content of what you are asking people to engage in. People will feel much more enthused about attending sessions if they are for more interesting and innovative procurement methods and approaches to discuss.

They will also be more likely to engage if it is felt there is meaningful scope for change, rather than being asked to participate in a tick box consultation exercise. Ultimately, this is best achieved by building and resourcing strong, long-term relationships to support local organisations to play an active and ongoing role in commissioning strategies. ■

6. Communicate early, openly, and often

Communication is often one of the biggest barriers between ICBs and communities when it comes to commissioning. But it is also the most straightforward thing to improve.

The basic lessons we have learnt from Keep it Local are:

- **Avoid overly jargony or clinical language** – this can make it hard for local VCSE organisations to work collaboratively with health systems. The use of different terminology for the same approach – like “prevention”, “population health”, and “social prescribing” – can also cause confusion. Aim to communicate in clear, shared terms. Clarity and consistency of language between all parties is key
- **Communicate early and keep communicating throughout the process.** For example, it’s really helpful to announce headlines of new opportunities as soon as possible. This allows organisations to do initial scoping and start conversations about partnerships. Then when more detailed information is ready to be released, important preparatory work will have taken place, putting local VCSE organisations in a strong

place to think through details and get services ready

- **Send information and run events in collaboration with your local infrastructure support organisation and/or any local VCSE forums** to enable take up and get a wider reach. It’s important to understand how and where local organisations receive information and tap into these channels
- **Devise clear procurement strategies for each project and guidance documents** for your overarching approach to communicating with the sector
- **Embed good communications principles in training** for procurement and commissioning staff.

It’s important to make sure improved communication isn’t just for one off procurement processes – constant communication cycles with the local VCSE sector should be embedded through intelligent and worthwhile engagement at all stages of the commissioning, procurement, and contracting cycles. ■

7. Proactively support your community

The local VCSE sector will often be under huge pressure. This has been the case for many years of austerity, heightened by the Covid-19 pandemic, the cost-of-living crisis, and ongoing economic uncertainty.

Local VCSE organisations' workloads might just not permit them to engage with contracting opportunities. What's more, larger local organisations, and those with experience of commissioning, will tend to be better placed to engage. This means structural inequalities in service delivery will be replicated without concerted effort.

To address this, it is important to first recognise that local organisations will often need some extra support to respond to the opportunities on offer, particularly smaller organisations.

Practically, we know that online contract portals can often be very time consuming and repetitive to engage with and often create an instant barrier. ICBs could trial alternative versions, working with local organisations to find ways which are more likely to work for them. Part of this is also considering using grants instead of contracts, as this can allow more familiar and more flexible structures for the sector.

It is also really helpful to provide long-term certainty around funding, ideally through multi-year arrangements. These allow for the proper planning of activities, particularly of core

community engagement and development work. This is vital to build and sustain the knowledge, relationships, and networks necessary for a holistic, person-centred, health creation approach to work effectively.

This is also about listening to your local sector to better understand their work and signpost them to available support when they need it. This might be to help them get their bid ready or to connect them with an organisation that can help.

To really change the dynamics and create strong local partnerships, don't just view the local sector as potential suppliers whom you might buy a service from. See them as long-term partners you want to build a relationship with. For example, this means developing community asset transfer strategies to develop organisations' long-term power and resilience, supporting them to be more sustainable and provide the services their community needs on their own terms.

This will help them develop long-term resilience and put them in a much stronger, more independent position to bid for services. This is not just in terms of having the capacity to participate in procurement exercises but also meaning decision making on what to bid for will be driven by mission rather than financial need.

Medway and Swale Health and Care Partnership's Voluntary and Community Sector Strategic Framework

A good example of providing strategic support to the local community sector can be found in the Medway and Swale Health and Care Partnership's Voluntary and Community Sector Strategic Framework. This was born from the commitment to "radically rethink" how they support their communities' health and wellbeing through an "authentic commitment to working together to build capacity in our communities".

The Framework comprises a broad package of supportive measures to unlock the full potential of its local VCSE sector, including:

- Working to "level up" local VCSE infrastructure funding.
- Working with the VCSE to build capacity and identify areas for market development to help local VCSE organisations to be "business ready".
- Supporting the development of smaller local VCSE organisations and their involvement in service delivery.
- Engaging with the local VCSE sector at all stages of the commissioning cycle to shape the approach taken by commissioners.
- Developing a system to capture the intrinsic social value produced by local VCSE organisations.

Buckinghamshire, Luton, and Milton Keynes ICB's VCSE Market Management Strategy

Buckinghamshire, Luton, and Milton Keynes ICB's VCSE Market Management Strategy provides another good example of what the health system can do proactively support the sector. This was set up to provide support around the challenges of sustainability and short-term funding faced by the sector, as well as supporting the development of more integrated services.

Through this strategy, the ICB delivers a range of training sessions to local VCSE organisations on topics like ICB structures, responsibilities and personnel, opportunities for VCSE involvement, and procurement processes, systems, and tools. They have also provided the opportunity to share insight on the experiences of patients and the efficacy of current services. The sessions have enabled partners to work together to develop better processes for service delivery by the sector. ■

8. Make technical specifications proportionate

Once service contracts go out to tender, certain technical specifications often present automatic barriers. Minimum turnover requirements are one we often hear about, where potential bidders are required to have an annual turnover that matches the total contract value. Sometimes bidders are required to have a turnover of twice the contract size, or a certain amount in reserves.

IT requirements are another, where technical security requirements are beyond what might be reasonably expected for small organisations and beyond the scope of the particular contract size or service being tendered.

The requirement to complete and comply with the NHS Data Protection Toolkit is a common contract requirement of the NHS and is not achievable for smaller VCSE organisations, often bidding for smaller contracts for which this is disproportionate. This is a significant barrier to these grass roots organisations – and even to some mid-size organisations.

These are things that procurement law permits contracting authorities to stipulate. But they are not legal requirements and often amount to regulatory “gold plating”. Indeed, Cabinet Office guidance warns against “arbitrary minimum requirements”.¹⁰ It is important for contracting authorities to feel confident about the capability of their potential suppliers, but these

measures are often disproportionate and overly risk averse.

Often, technical requirements make it into contracts on a pro-forma basis, copied and pasted from previous contract specifications, without necessarily being actively considered or needed. It is important that ICBs take care to weigh up contract technical specification, making them bespoke to the service being tendered for and given appropriate priority. What are the most important qualities you want from potential suppliers? What specific purpose do these specifications serve in this instance? Whom might they exclude? Is that a price worth paying?

Generally, grants tend to have simpler technical requirements than contracts, given the lower risk. This can be really helpful for smaller VCSE organisations to access funding opportunities appropriate to the size and scale of their activity. Engaging early with the local providers you are trying to encourage to bid will clarify what’s going to be prohibitive and allow commissioners to think through what’s really necessary.

As one health system colleague suggested during our research in this area,

“Commissioners should be made to complete their own procurement process to understand exactly what it entails and who they’re missing out on!” ■

9. Think about appropriate scale

Often the biggest barrier to small, local providers is contract size. Setting a contract at too high a level automatically eliminates the option of Keeping it Local.

A first step for commissioners when setting a contract size is to ask: how many local organisations could bid at this level? If the answer is zero, then commissioning is excluding organisations with a proven track record of supporting local people and it is failing to grow the local economy.

It is also in danger of excluding locally rooted organisations who have strong trusting relationships with particularly disadvantaged segments of the community. These organisations are vital for delivering targeted and inclusive services that tackle health inequalities.¹¹

If this is the case, it will actively damage any attempts to move towards a community-based, prevention-led, neighbourhood health system.

One way to deal with this issue is to break big contracts into smaller lots. This has long been encouraged by policymakers as best practice and is now encouraged by the Procurement Act 2023. It is also feasible to do this for healthcare services procured via the Provider Selection Regime, as it gives commissioners the discretion to set the appropriate scale of a contract.

Alternatively, designing programmes to be accessible to consortiums of local providers can help to involve smaller VCSE organisations. As can directing the funding through a grant programme to be administered by, for example, a local VCSE infrastructure organisation. These may also help to avoid a large increase in workload for commissioners.

This shows there are different ways of achieving the same goal: ensuring local VCSE organisations can participate in commissioning and win contracts that

are relevant to their skills, experience, and expertise. The key is to be deliberate in your commissioning, constructing a process and a service specification that meets the outcomes you wish to achieve. This is more effective than allowing pro-forma procurement processes and default large contract sizes to create automatic barriers. ■

MAMTA: VCSE child and maternal health programme embedded in Coventry's local health services

Case study

The Family Health and Lifestyle Service that operate across Coventry is a good example of smaller lots being used effectively. The programme – commissioned by South Warwickshire University NHS Foundation Trust – is made up of seven different services. This includes the award-winning MAMTA service, delivered by FWT – A Centre for Women.

MAMTA is aimed at improving child and maternal health outcomes for women from racially minoritised communities and is offered to every racially minoritised pregnant woman in Coventry.

It has been highly effective in increasing access to support, as 90% of racially minoritised women who gave birth in Coventry last year had accessed the service.

These high levels of engagement would likely not have been possible without focussed support for FWT – A Centre for Women. For further details on this case study, see Locality's guidance for NHS England on ["The VCSE sector in prevention and primary care"](#).

10. Going beyond traditional ideas of social value

ICBs have traditionally seen social value as the key mechanism for increasing their local spend. However, approaches to social value measurement – that seek to quantify and often monetise social value – don't necessarily reflect the nature of the social value local VCSE organisations bring to their communities.

It is important to recognise the limitations of narrow approaches to social value measurement – which now tend to focus on **additional** social value that can be captured through quantified measurement. This approach is partly designed to capture what private companies do with profit. Contracts with VCSE organisations don't typically have a profit element, so the idea of the provider “giving something back” in additional social value simply doesn't stack up.

Instead, we believe ICBs should consider the extent to which current policies and procedures are tailored towards drawing out the **intrinsic** social value of local VCSE organisations.

The conception of social value as additional to the service being provided – in the form of, eg, hiring apprentices, encouraging volunteering, or implementing green initiatives – has been formalised by frameworks such as The Social Value Portal's Themes, Outcomes, and Measures (TOM) system. This neat and standardised approach to social value has become popular among commissioners.

However, it does not allow for the capturing of the intrinsic social value that makes community-led, people-centred services so transformative. For these services, it is not just the immediate output that is important – like accessing a local support group, receiving practical help in a period of poor mental health, or receiving culturally competent health and wellbeing information. **How** the service is delivered is socially valuable too – being local, neighbourhood-focussed, and taking a wider health determinants approach to prevention is crucial to developing a healthier population, strengthened and empowered communities, reduced inequalities, and reduced isolation, among many other things.

This is what we mean by the **intrinsic** social value that, under the current system, commissioners and therefore service users often miss out on.

In its current form, social value measurement is more likely to benefit larger organisations with full-time bid writers and off-the shelf social value answers. Such providers are likely to be able to more effectively “tick the box” of demonstrating additional social value.

But now, innovative approaches to measuring intrinsic value through the Provider Selection Regime are beginning to take root in parts of the country. This has involved thinking differently about how and where within the tender process such value can be captured.

West Yorkshire ICS

In becoming the first Keep it Local ICS, West Yorkshire have focussed significant effort on solving the issue of capturing intrinsic value.

Through close and collaborative working between key staff in the ICB's Contracting and Procurement and VCSE Alliance teams, local VCSE infrastructure bodies and wider organisations, and Locality, the ICS has co-produced an approach to using the Provider Selection Regime that puts intrinsic social value at its heart.

The Provider Selection Regime lays out five "domains" against which a tender can be scored; (1) quality and innovation; (2) value; (3) integration, collaboration, and service sustainability; (4) improving access, reducing health inequalities, and facilitating choice, and; (5) social value.

West Yorkshire's approach moves away from trying to shoehorn intrinsic social value purely within the "social value" domain. Instead, they have developed a matrix of questions under all five domains that seeks to capture intrinsic social value as core to the wider quality score of the tender.

Commissioners can then choose which questions from each domain are most relevant to the service in question, with each carrying a weighting of either "high", "medium", or "low". The matrix also includes "good answer" guidance for both the tenderer and the commissioner to ensure that, respectively, they are able to fully demonstrate and understand the intrinsic social value within the answers provided.

This table highlights a few examples of the questions that have been developed across the domains:

#1	Domain	Area	Weighting
	Quality and Innovation	Safe, effective, responsive, and personalised care	High
	Question	Good answer	
	<p>Workforce: Understanding of local needs</p> <p>How will you gain and use existing insights and knowledge about the community and its people, and wider health and care partners to deliver effective and personalised care?</p>	<p>Explains how staff/volunteers will develop or use existing knowledge and experience.</p> <p>Describes how staff/volunteers work with/involve relevant communities and those at greatest risk of health inequalities.</p> <p>Shows understanding of the wider local context and how the work adds value for the health and care System for service users (eg, referral routes).</p> <p>Provides examples of how the organisation uses insights from people with lived experience to shape service development, delivery and management.</p> <p>Shows how community ideas support your staff in delivering</p>	
#2	Domain	Area	Weighting
	Value	Added value	High
	Question	Good answer	
	<p>Community ownership/benefits</p> <p>How will you enable a sense of community ownership in a way that will lead to wider benefits for people and how will this add value to this work?</p>	<p>Describes a narrative of being people-led/community powered.</p> <p>Explains with examples the benefits of this approach and its impact on prevention, wider determinants of health, improved outcomes and creating capacity and added value to the service and the wider community.</p>	

#3

Domain	Area	Weighting
Integration, collaboration and service sustainability	Collaboration	Medium
Question	Good answer	
<p>Depth of partnerships / relationships</p> <p>How would you describe your relationship with relevant health and care partners including those based locally in the communities to be served in this proposal?</p>	<p>Describes a narrative of their approach to working with a diverse range of health and care partners including locally based VCSE organisations that reflects:</p> <ul style="list-style-type: none"> • the opportunities and value of working in this way • alignment to the West Yorkshire ICS's Values and Behaviours • importance of existing depth of knowledge, long term relationships and trust and "connectedness" to a locality/ community • how they recognise power dynamics and value empowering non-statutory health and care partners, particularly small, grassroots VCSE organisations in an equitable and meaningful way. <p>Provides meaningful examples/evidence of how they already work in this way and the impact / outcomes (eg, work with existing partners / networks, how they supported VCSE organisations to build capacity and sustainability, etc.)</p>	

#4

Domain	Area	Weighting
Improving access, reducing health inequalities, and facilitating choice	Reducing health inequalities	High
Question	Good answer	
<p>Prioritising and addressing health inequalities</p> <p>Based on your existing track record of working with this community, what do you think these health inequalities are and how will you work with communities to support the understanding of health inequalities and how they may be reduced?</p>	<p>Provides examples of trusted relationships and reach into communities to support those who have been historically underserved by services (statutory and non-statutory)</p> <p>Demonstrates evidence of understanding and addressing the wider determinants of health:</p> <ul style="list-style-type: none"> • education, skills and work • income • community wealth building • natural environment and green economy • built environment, transport/travel/connectivity • empowered and engaged communities • social capital and community infrastructure • services and amenities <p>Shows understanding and ability to empower people to be active in their own health and care and recognition that this is essential to long-term success and sustainable interventions</p> <p>Demonstrates evidence of talking directly to people about the wider determinants of health in their own local context.</p> <p>Demonstrates evidence that people and partners have been involved in prioritisation.</p> <p>Describes how their approach helps to make services as inclusive / relevant / culturally competent as possible to the people it is most needed to support</p>	

At the time of writing, this approach is only just being introduced into the ICB's contracting and procurement process. Further steps are planned to ensure that it is used effectively in practice.

This includes staff from the ICB's "Power of Communities" (VCSE Alliance) team joining members of the Contracting and Procurement team as they evaluate initial tenders submitted under this approach to test how it works in practice and ensure the VCSE perspective is well understood. There

is a longer-term commitment to have a VCSE representative on all evaluation panels going forwards.

There will also need to be continued training and development of assessors to strengthen their understanding of the local VCSE sector's offer, and a review of how tender responses are assessed as a whole to make sure narratives of intrinsic social value drawn throughout a local VCSE organisation's tender is properly understood.

Pre-procurement market engagement is really important to understand the intrinsic social value that local VCSE providers can bring. Tenders can then be designed in a way that will capture it – for example, as in West Yorkshire, with commissioners selecting the most relevant questions from a framework designed to capture such value.

It is important to recognise that such an approach does not provide any unfair advantage to local VCSE providers. It simply allows the commissioner to design the procurement process in a way that maximises the intrinsic, transformative power of community-led, people-centred services that is key to their quality and impact. This then gives local VCSE providers the best chance

of showcasing themselves in a way that is directly relevant to the service being commissioned.

Finally, it is also important to recognise that local VCSE organisations do also create additional social value. For example, as well as often hiring local people and using local supply chains, stable public sector funding also allows them to bring in further funding for other services that meet social need. Without this public sector funding, many organisations would collapse, and all that additionality would be lost.

So, designing procurement to be more relevant and accessible to local VCSE organisations means that commissioners can benefit from both additional and intrinsic social value in their contracts. ■



Endnotes

- 1 Locality, 2020, 'Keep it Local: How local government can plug into the power of community'. Available at: <https://locality.org.uk/wp-content/uploads/2020/03/LOC-Keep-It-Local-Report-40pp-WG08.pdf>
- 2 Locality, 2014, 'Saving Money by Doing the Right Thing'. Available at: <https://locality.org.uk/wp-content/uploads/2018/03/Locality-Report-Diseconomies-updated-single-pages-Jan-2017.pdf>
- 3 Locality, 2018, 'Powerful Communities, Strong Economies'. Available at: https://locality.org.uk/wp-content/uploads/2018/03/LOCALITY-KEEP-IT-LOCAL-002_revised260318_summary.pdf
- 4 Locality, 2024, 'Keep it Local for Better Health'. Available at: <https://locality.org.uk/assets/images/Keep-it-Local-for-Better-Health.pdf>
- 5 Locality, 2019, 'Keep it Local: How councils and communities are coming together to transform their places'. Available at: <https://locality.org.uk/policy-campaigns/keep-it-local/keep-it-local-principles/>
- 6 See Locality, 2018, 'Better Services, Stronger Economy: A Keep it Local guide for commissioners'. Available at: https://locality.org.uk/wp-content/uploads/2018/04/KEEP-IT-LOCAL-COMMISSIONERS_FINAL_220318.pdf; Villeneuve-Smith, Blake, 2016, 'The Art of the Possible in Public Procurement'. Available at: <https://e3m.org.uk/wp-content/uploads/2020/03/the-art-of-the-possible-in-public-procurement-SK-contact-details.pdf>
- 7 National Audit Office, 2013, 'Successful Commissioning Toolkit'.
- 8 Villeneuve-Smith, Blake, 2016, 'The Art of the Possible in Public Procurement'. Available at: <https://e3m.org.uk/wp-content/uploads/2020/03/the-art-of-the-possible-in-public-procurement-SK-contact-details.pdf>
- 9 Ibid, 6.
- 10 Cabinet Office, 2014, 'Procurement Policy Note 01/12: Use of pre-qualification questionnaires'. Available at: <https://www.gov.uk/government/publications/procurement-policy-note-01-12-use-of-pre-qualification-questionnaires>
- 11 See: <https://locality.org.uk/reports/creating-inclusive-services>

Locality

Locality supports local community organisations to be strong and successful. Our national network of over 2,000 members helps hundreds of thousands of people every week. We offer specialist advice, peer learning and campaign with members for a fairer society. Together we unlock the power of community.

VCSE Health and Wellbeing Alliance

The VCSE Health and Wellbeing Alliance (HW Alliance) is a part of the VCSE Health and Wellbeing Programme (HW Programme) which is delivered by Department of Health and Social Care and NHS England and NHS Improvement (the system partners).

The HW Alliance is new network of 18 member organisations (and one coordinator) established to collaborate and coproduce to bring different solutions and perspectives to policy and programme issues. All HW Alliance members represent communities that we need to hear from as we develop health and social care policy and programmes.

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VCSE
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