Developing a dedicated health fund for London

Contents

[Who are Healthy London Partnership? 2](#_Toc497744213)

[How are we working to improve prevention, and to reduce health inequalities? 2](#_Toc497744217)

[The role of the VCSE sector in improving health in London 3](#_Toc497744220)

[Challenges faced by VCSE organisations working in health, and commissioners 4](#_Toc497744221)

[The vision for a dedicated health fund in London 4](#_Toc497744222)

[Overview of the support that we need 5](#_Toc497744223)

[A detailed outline of the support that we need 5](#_Toc497744225)

[What are looking to see from bidders? 8](#_Toc497744229)

[How to respond to this tender 8](#_Toc497744232)

[How we will evaluate and score responses to the tender 9](#_Toc497744233)

[Timetable for this tender 10](#_Toc497744238)

[Contacts and details for this tender 10](#_Toc497744239)

# Who are Healthy London Partnership?

# Healthy London Partnership formed in April 2015. We have been working across health and social care, and with the Greater London Authority, Public Health England, NHS England, London’s councils, clinical commissioning groups, and Health Education England. We have united to amplify the efforts of a growing community of people and organisations that believe it is possible to achieve a healthier, more liveable global city by 2020.

# Healthy London Partnership was established in response to the NHS Five Year Forward View and the London Health Commission's Better Health for London, to improve health services and to deliver changes to health in the capital. The aim is to take London from seventh in the global healthy city rankings, to the number one spot.

# Our work is organised into transformational focus areas. All partners pooled funding to undertake transformational change across London, through clinical and enabler programmes. Each programme aims to solve a different health and care challenge faced by the capital. All aim to make prevention of ill health and care more consistent across the city.

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# How are we working to improve prevention, and to reduce health inequalities?

Healthy London Partnership is working with the London Prevention Partnership Board (LPPB) members (the Mayor of London, London Councils, NHS England London, London Office of CCGs, and Public Health England) to deliver the Mayor of London’s Health Inequalities Strategy.

The Health Inequalities Strategy (HIS) outlines the main issues that drive inequalities in the health of Londoners and the aims for reducing those inequalities. The Mayor’s ambition is to:

* Improve the health and wellbeing of Londoners; and
* Reduce the gap in healthy life expectancy that exists between Londoners in different parts of the city.

The issues within the HIS are captured thematically and were determined by looking at the extent of an issue’s impact on gaps in healthy life expectancy, the extent of the differences across London and the strength of evidence that effective action could be taken.

The HIS ambitions, thematic issues and their aims are:

1. Reducing ill health, extending life expectancy and healthy life expectancy
   1. Healthy Children – reducing low birth weight and preterm births, reducing smoking during pregnancy, reducing child injuries, improving school readiness

b. Healthy Minds – reducing mental health acute admissions, reducing suicides, improving self-care, improving employment and productive activity

c. Healthy Places – Improving homes, improving air quality and green space

d. Healthy Communities – improving the health of individuals and communities through e.g. social prescribing

e. Healthy Habits – reducing smoking, physical inactivity, excessive drinking, unhealthy diet, reducing childhood obesity

1. **Reducing health inequalities between areas in London**

# The role of the VCSE sector in improving health in London

The Prevention Programme, through our own work in this area, has recognised the opportunity to upscale prevention activities by encouraging commissioners to work more effectively with voluntary, community and social enterprise (VCSE) organisations**\***. This is particularly important as we think through how health and care systems can be made more patient-centric; reaching us in our homes; supporting our families to care; and releasing the full potential of communities. Pressure on the public health budgets of local authorities necessitates the need for wider and more diverse partnerships, including those that can more extensively utilise the potential benefits that VCSE organisations can offer to the capital.

We believe that VCSE organisations can often reach people that mainstream health and care services find ‘hard to reach’ or ‘challenging’; get to know them more deeply; and draw upon volunteers to achieve more than paid staff alone can achieve. Many VCSE organisations are often better placed than other kinds of organisation to support groups and communities which are otherwise neglected, responding both to health needs and often also working to address the broader social determinants of health and deep-rooted health inequalities (poverty, housing, exclusion etc.).

There is a growing realisation that patients often present in clinical settings, such as GP surgeries, with issues caused by these wider determinants of health. The HIS recognises this challenge explicitly within the ‘Healthy Communities’ theme. For example, a patient might attend a GP surgery with sleeping problems, which in turn are being driven by a worry that they might be evicted from their house. Social prescribing schemes use link workers to refer patients to local (often VCSE) services that might help address these root causes, for example by providing legal advice on housing or benefits. Scaling social prescribing across London is a stated ambition of the Health Inequality Strategy. While there are currently many different ideas on how models of social prescribing (including payment and data flows) might work, social prescribing represents a significant opportunity for parts of the VCSE sector to co-ordinate with statutory services and contribute to improving population health and reducing inequalities.

Other work that Healthy London Partnership has delivered has demonstrated the potential for VCSEs to develop innovative solutions to entrenched issues. The Great Weight Debate focused on the challenge of childhood obesity. Healthy London Partnership and many LPPB partners galvanised Londoners through a social innovation challenge to kick-start, incubate and support new VCSE organisations that tackled this problem. This led to exciting, high potential new ventures being launched. One example was [Make Kit](https://makekitfood.com/), a ‘recipe kit’ service with a mission to make healthy, nutritious food accessible to all members of society.

**\*While we use the language of “VCSEs” in this paper to describe “third sector organisations” or organisations “that exist wholly or mainly to provide benefits for society or the environment”, we do not necessarily exclude organisations that are organised as for-profit companies, where they meet the 5 criteria set out within Big Society Capital’s Governance Agreement. While organisational form might vary, we are particularly interested in organisations that have the potential to develop sustainable and scalable revenue models.**

# Challenges faced by VCSE organisations working in health, and commissioners

Our work in this area has also led to an understanding that whilst VCSE organisations can have enormous potential for impact, they often need various forms of support in order to become sustainable or to scale. This support includes:

* Access to appropriate forms of both grant and repayable finance;
* Help to win more business, for example through understanding how to better navigate the health system and respond to local commissioning priorities and processes; and
* Support with internal capacity building, for example with impact measurement and management, evaluation, staffing issues.

As well as the opportunity for developing new solutions (using tried and tested innovation, design, and evaluation methodologies) there are also many other existing VCSE organisations that are trying to positively impact people’s health and wellbeing. Healthy London Partnership has been working to help commissioners unlock the value of these VCSE organisations, for example through developing commissioning guides.

This work has highlighted the challenges that commissioners face when developing innovative new services, and when working with the third sector:

* The pressure on budgets and the need to demonstrate in-year savings from new investments/services;
* The requirement to double fund services to generate evidence for service innovations;
* Technical challenges in developing new service models, especially around contracting and information governance;
* Perceived restrictive commissioning or procurement guidelines and practices that can make it harder to work with smaller VCSE organisations; and
* Limited time to engage in market building and engagement with a VCSE sector, that is often regarded as complex and fragmented.

While some existing structures, such as local Council’s for Voluntary Services (CVSs) can play a role in joining VCSEs with local commissioners, evidence from London suggests that this support is under increasing pressure and varies widely between boroughs.

# The vision for a dedicated health fund in London

Health inequalities are deeply rooted, difficult to turnaround, and driven by a variety of factors. Given the scale of the challenge, collaboration across sectors and time-horizons supported by sufficient political and financial opportunities to realise impact, feel like some of the essential ingredients to make progress on these issues.

Those areas experiencing the most severe deprivation - and where health inequalities are at most prevalent – are the areas where VCSEs can play a disproportionately influential role in improving health outcomes. However, these organisations are likely to operate in areas of market failure, experience more barriers to sustainability than commercial businesses, and from our research need more support.

Through the provision of infrastructure that will support the VCSE sector to become more robust and sustainable, and to scale its impact, we believe that we can help VCSE organisations to make a significant contribution to improving health outcomes and reducing health inequalities in these areas. We believe that there is an opportunity to develop a coherent package of financial and non-financial support to identify, nurture and scale innovation around a number of thematic areas – particularly that which will further the aims of the Mayor’s Health Inequality Strategy – with an emphasis on priorities most amenable to a preventive approach.

Or hypothesis is that a fund could:

* Effectively direct innovation towards London’s highest priority health and wellbeing challenges
* Enable the co-production or piloting of solutions in partnership with commissioners and funders
* Facilitate established providers and/or proven interventions to reach scale across London
* Capture, codify and share valuable knowledge about what works back to the system, both downwards (to commissioners and providers) and upwards (to policy makers and funders)
* Enable our own contributions towards establishing the fund to co-ordinate and leverage in co-investment enabling us to achieve an impact at a far greater scale

We are now seeking to establish a health and wellbeing focused fund for London which will:

* Improve the physical and mental health outcomes for Londoners and reduce inequalities;
* Support the VCSE sector to innovate, build capability, become more robust and sustainable, and to scale its impact in improving health outcomes and reducing health inequalities in London;
* Support commissioners to drive innovation, engage with the VCSE sector and better utilize social investment models to improve health outcomes; and
* Support funders interested in creating health outcomes in London to find high impact opportunities for philanthropic and investment activity

We have been inspired by other subject thematic and place-based funds, both in the UK and beyond, that have been set up to address particular challenges. These include the Arts Impact Fund and Dementia Discovery Fund in the UK, as well as the Fund for Public Health in New York, and the Michigan Good Food Fund in the USA.

# Overview of the support that we need

The aim of this work is to better understand the support needed by the health and wellbeing focused VCSE sector in London, articulate a proposition that would provide that support, and develop a roadmap for the set-up, launch and on-going management of the fund.

# We are keen that the work engages relevant stakeholders along the way, so while as an output we will be looking for a report that details the analyses undertaken at each stage along with conclusions and recommendations, we will also expect our partner to have developed engagement and ultimately commitment to further support this work from key partners, including potential funding partners, organisations within the VCSE sector and commissioners.

# A detailed outline of the support that we need

Whilst individually each of these 3 phases of support will have a stand-alone value to the work of Healthy London Partnership and our partners, collectively, we expect them to form the basis of the business case for the fund.

### Phase 1 - What role do VCSEs currently play in creating health and wellbeing in London, and what are the most critical barriers to them becoming sustainable and/or scaling their impact?

* 1. **What does the provider landscape of VCSEs operating in health and wellbeing look like, and where is it moving?** E.g. Their numbers, the products / services they provide, the impact they create, where they are (including in relation to CCG or STP areas), their characteristics e.g. size, structure, ownership, business models, customers etc?^

**^Healthy London Partnership has commissioned Social Enterprise UK to provide insight into Phase 1 using data from their 2017 State of Social Enterprise Report as well as their experience working with VCSE orgs in health and wellbeing. This analysis will be made available to bidders once produced, and we would expect bidders to build on this work and to supplement this analysis with their own insight and experience, for example by broadening out the analysis to other VCSEs, and by segmenting the market and determining the impact/financial value of those segments.**

* 1. **What challenges, both financial and non-financial, do these provider organisations face and how might these challenges be overcome?** E.g. in developing robust and sustainable business models, and with scaling their impact? How do these challenges change as organisations grow and become more established? What difficulties do VCSE organisations have working with public sector commissioners?

1.3 **What potential do VCSE organisations have to contribute to health outcomes and how can this best be realised?** E.g. What do commissioners currently purchase from VCSEs? How do VCSE providers map against the biggest prevention challenges e.g. childhood obesity, mental health, CVD etc.? What examples of good practice or technology from VCSE providers are there? Which of these could be most effectively be scaled?

### Phase 2 - What does the current support landscape for VCSE orgs in health and wellbeing in London look like, where are the most significant gaps, and what do we know about how we might better support VCSEs in this space?

2.1 **Who is currently supporting VCSEs working in health and wellbeing in London?** E.g. What grant funding, repayable finance and non-financial or in-kind support is available at each stage of organisational development from idea stage to start-up to established? What does the ecosystem of support look like at each stage of the innovation journey?

2.2 **How could the support for social enterprises working in health and wellbeing in London be improved in order to overcome barriers to sustainability and scale?** E.g. What types of support are most valued and / or effective? Where are the gaps in support by type / geography / life cycle / impact area etc and what would better support look like?

2.3 **What lessons can we learn from other similar funds, or innovative funds in other sectors and geographies about successful support for VCSEs in health and wellbeing?** E.g. Are there examples of funds that exist that show how we might better support health and wellbeing VCSEs? What challenges have they faced and how did they overcome those challenges? What lessons can we learn from them on their design e.g. the support that they provide commissioners / investees / pipeline orgs? What other relevant models of support can we learn from e.g. crowd funding, test beds, challenge prizes, accelerators etc?

### Phase 3 - Given our impact aims, the landscape of providers and funders in the health and wellbeing space, and the current ecosystem of support, is there the opportunity for Healthy London Partnership to establish a new, specialist support/funding platform? If so what should it look like, and how should we establish and manage it?

3.1 **How should the fund be designed to ensure that it meets the most critical needs of VCSE orgs in the health and wellbeing space, doesn’t duplicate (but makes the most of) existing support available, and best uses the reach and influence that Healthy London Partnership brings?** E.g. How should we determine the impact aims of the fund to ensure that impact is focused, while also allowing for a sufficient pipeline of investable opportunities? What kinds of investment products should be offered and how should they be priced? What non-financial support should be offered to providers/commissioners and to what degree would the fund need to provide and/or finance this? What incubation and innovation activity might we want to undertake, and how should we provide and finance this? How should the fund engage with and relate to the wider sector e.g. commissioners, AHSNs, funders, VCSEs, patients, policy makers, experts both at the design stage and beyond?

**3.2 How should the fund be established and what resources would be needed to set up and capitalise the fund?** E.g. Given market analysis, what size of fund would the market support, and what level of risk, return, duration etc. would it need? What would the process and cost be to establish the fund? What is the expected activity of the fund and the expected financial return on this activity? What portion of the funds cost will be covered by investment activity and what portion of the funds costs will need to be covered by other means e.g. grants? What is the minimum amount of capital we would we need in order to establish the fund and who might be interested in investing in the fund (both repayable and non-repayable sources of funding)? What are the implications for these funders in terms of impact areas, funding approach, risk appetite, returns expected? What additional benefits and challenges would bringing other investment partners together create?

3.3 **How should the fund be managed on an on-going basis, and how might we ensure that the fund creates a broader and lasting impact?** E.g. What different options are there for managing the fund, and the relative pros/cons of each approach? What should the governance of the fund look like, and how should it relate to Healthy London Partnership and the London Prevention Partnership Board? How should the fund ensure that it delivers on the priority needs of the sector over its lifecycle? What process should be in place to ensure that the fund adapts its approach or investment strategy over time to ensure it is creating the maximum impact possible? How should the fund measure and manage social impact both at the level of individual investments, and also across its portfolio? How can we ensure that the impact of the fund grows over time e.g. through attracting additional funding / developing and sharing knowledge and best practice / embedding skills etc.?

# What are looking to see from bidders?

To deliver the scope of work detailed, the successful Bidder will be able to demonstrate:

## Essential

* A strong understanding of the VCSE provider market in health and social care
* A strong understanding of the support landscape for VCSE providers in health and social care
* An understanding of the types of financial and non-financial support that VCSE providers in health and social care value, and the barriers to delivering this support
* An understanding of the barriers to scale for VCSE providers working in health and social care
* Experience in evaluating market segments to determine investment opportunities
* Experience in designing, and structuring investment funds, including their management and governance, and raising investment from external partners

## Desirable

* Experience providing investment readiness advice to VCSE organisations
* A track record of designing and launching incubation programmes that support VCSE organisations
* Expertise and experience engaging with a wide range of relevant stakeholders including VCSEs, social investors, grant makers and public sector commissioners
* Strong networks and relationships with investors and philanthropists interested in place-based, or health focused support programmes
* Experience in producing high quality, persuasive, visually-appealing materials

# How to respond to this tender

Please outline in your response your overall insight into each section of the work, your approach and methodology for answering the questions, any relevant experience in that area, and the anticipated outputs from your work.

If you intend to form a partnership or consortium in order to deliver this contract, please ensure that you identify the lead organisation who will take responsibility for the tender and the eventual contractual arrangements. Please also detail the names of all the member organisations of the partnership/consortium in your submission and make clear how they will contribute to the work.

We would also expect to see a high-level timeline for project delivery and on-going management as well as a budget indicating costs for each phase of the project.

We are looking for an advisor whose impartiality and independence is assured and can be evidenced. To this end you are asked to:

* Detail any relevant market involvement that you may have with potential providers /commissioners and/or investors
* Explain why Healthy London Partnership can rely on your impartiality and independence, avoiding conflicts of interest
* Outline the steps that you will take to avoid or resolve any conflicts of interest arising, if you are appointed, including in particular in relation to any future procurements

We are open to Bidders providing challenge to us through their submissions either on our approach and/or on our assumptions. We expect Bidders to build on existing work or analysis wherever possible to maximise value, and we are open to creative ideas in responses that make effective use of existing assets.

# How we will evaluate and score responses to the tender

Proposals will be evaluated based on their quality and price. A panel of evaluators from Healthy London Partnership and relevant partner organisations will carry out the evaluation of tenders in accordance with the weighted criteria outlined in the table below.

|  |  |
| --- | --- |
| **Quality** | **Overall weighting 85%** |
| Understanding of, and insight into the work | 25% |
| Proposed methodology and approach | 25% |
| Expertise and relevant experience | 20% |
| Proposed outputs and timelines | 15% |
| **Price** | **Overall weighting 15%** |
| **Total (Quality + Price)** | 100% |

The Price will be evaluated using the following methodology:

* The lowest price (excluding any bids that are priced at such a level that the evaluators are unable to rely upon the contract being properly performed) will attract full marks i.e. the Bidder that submits the lowest price will be awarded 100% of the available marks for price
* All other submissions will be awarded a mark on price calculated relative to the lowest (acceptable) price received.
* To provide some worked examples, three bids are received: Bid 1 totals £80,000; Bid 2 totals £88,000 and Bid 3 totals £96,000. In this worked example only, price equates to 15 marks.
  + Bid 1 in being the lowest (acceptable) price shall receive 100% of the marks available for price i.e. 15 marks
  + Bid 2 shall receive 90% of the marks available for price i.e. 13.5 marks
  + Bid 3 shall receive 80% of the marks available for price i.e. 12 marks
* Any submission that is equal to or greater than twice the lowest (acceptable) price will attracted a score of zero points on price

Where evaluators feel it necessary, Bidders will also be invited in for a meeting to discuss any specific questions that evaluators have about their proposal.

# Timetable for this tender

|  |  |
| --- | --- |
| Issue of draft Statement of Work | 10th November 2017 |
| Deadline for initial submission of questions/feedback on draft Statement of Work | 16th November 2017 |
| Issue of final Statement of Work | 17th November 2017 |
| Deadline for submission of tenders | 5pm 8st December 2017 |
| Meeting of review panel | 9th January 2018 |
| Clarification meetings (if required) | 9am-12pm 9th January 2018 |
| Notification of award | By 12th January 2018 |
| Anticipated contract start date | By 19th January 2018 |
| Anticipated contract end date | 30th March 2018\* |

\*We are open to these timelines being extended if providers feel it is essential for the delivery of high quality work. It is envisaged that there will be regular meetings to mitigate any risks that arise and resolve any issues throughout the project.

# Contacts and details for this tender

|  |  |
| --- | --- |
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| Contract ceiling value | £99,999 inclusive of VAT |