

The Executive 8 May 2012

## Report of the Executive Head of Policy and Customer Services

### Implementing a council-wide approach to commissioning

**Ward** Borough-wide  
**Location:**

**Author(s)**  
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**Area Served:** Not Applicable

**Lead Member(s)**  
Councillor Sean Brennan, Leader of the  
Council

#### Key decision report

##### Summary:

The purpose of this paper is to set out how the council intends to implement its new council-wide approach to commissioning and the further work that needs to be delivered over the coming months. The Executive agreed an overall approach to council-wide commissioning in October 2011 and this paper builds on the progress that has been made towards achieving that vision since then.

Attached to this paper is the new draft commissioning framework that has been consulted on internally and with partners to help make the council's position on commissioning more widely understood and accessible. It is intended to be a working tool for those who leading commissioning activity and will be updated in light of experience.

As part of building blocks of the Smarter Council, it is proposed that each of the existing service Groups move towards becoming commissioning directorates supported by a corporate core made up principally of the services provided by the Resources and Chief Executive's Group. This paper now works through the implications of those changes and highlights the different roles that councillors, senior officers and commissioners will play in a commissioning council.

##### Recommendations:

###### The Executive is asked to:

- a) Agree the commissioning framework set out in Appendix A.
- b) Agree the overall approach to implementation and the links with the council's business and resource planning for 2013/14.
- c) Agree the priority work streams in relation to assessing need, managing the market and learning and development programme.

## 1. Background

- 1.1 In October 2011, the Executive agreed key recommendations about a new council-wide approach to commissioning. The paper outlined, at a high-level, how the council

will adopt a strategic approach to commissioning, what the benefits of that would be and some of the key principles and activities that will shape this approach.

- 1.2 The expected benefits of the approach were agreed as being:
- A focus on fairness, equity and engagement in all stages of commissioning;
  - Understanding individual and locality needs through rigorous assessment, customer insight and engagement to provide a sound evidence base;
  - Ensuring that personalisation of services is well embedded;
  - Active shaping and development of markets in ways that create incentives for innovation, increased productivity and user involvement;
  - Collaboration with other public agencies where this provides value for money and meets needs;
  - Increased partnership working between the council, its residents and its partners from a variety of sectors;
  - Better outcomes for residents and local communities;
  - Reduced costs to the authority;
  - A strategic, corporately managed approach to the re- and de-commissioning of existing services; and
  - An increasingly entrepreneurial approach that delivers creative solutions faster with fewer resources.
- 1.3 Since October there has been progress in a number of areas:
- The Smarter Council proposals to move towards service commissioning directorates.
  - The expansion of the practice - based Commissioners Network that is now made up of commissioners across the council and commissioners from the NHS.
  - A proposed Commissioning Framework (Appendix A) – now being tested through pilots having been informed by areas of good practice internally and consulted on externally.
  - A new Procurement Strategy – which acknowledges its place within the commissioning cycle and the importance of the procurement stage when trying to commission the best outcomes for the best value.
  - Early work on the implications of the Community Rights (Localism Act, 2011) – and what this means for commissioners and partners in the medium term.
  - Our involvement with the New Local Government Network (NLGN) in developing an *Effective Commissioning Landscape*.
  - A strategic commissioning webpage - bringing together the directorate specific pages and also providing resources, tools and links related to commissioning so that officers, colleagues in partner organisations and residents can increase their understanding. It will also provide a host site for case studies as our approach matures so that commissioners are encouraged to be open about their practice.
- 1.4 The recent peer review, carried out by the Local Government Association noted the progress that the council was making in developing its approaches to commissioning but emphasised the importance of making sure that the changes were well understood across all levels in the council. It also suggested that we consider taking a more centralised approach to commissioning with a centralised commissioning team. We have considered these observations carefully and agree that the council needs to do more to ensure that internally and externally there is a good understanding of what commissioning means in practice and how this impacts on individual roles. The proposals in this paper – and especially the learning and development

programme – are designed to meet this need. However we are not convinced that it is right for Sutton to establish a centralised commissioning team – rather the operating model that is being proposed envisages that commissioning is a core part of the business of the council across the three commissioning directorates rather a specialist one. It is however, envisaged that those specialist services that are required to support commissioners in their roles – such as research and intelligence, project management, procurement, performance and improvement, legal services and strategic finance are grouped as part of a commissioning core linked back into appropriate client side roles in Directorates.

- 1.5 It is important to note that by commissioning, we mean “the process of specifying, securing and monitoring services to meet people’s needs at a strategic level. This applies to all services, whether they are provided by the local authority, NHS or other public agencies or by the private or voluntary sectors”<sup>1</sup>. It has four stages - to analyse, plan, deliver and review. We do not mean automatic outsourcing services or favouring delivery from one sector over another. The commissioning cycle agreed by the Executive in October 2011 enables the council and its partners to make decisions based on what is appropriate at the time for the service under consideration in relation to the population it is expected to serve.
- 1.6 The implementation of a council-wide approach should also be seen as a significant step towards facilitating increased community and citizen-led commissioning. As officers become more expert and confident in commissioning practice, they will be better able to support residents to take part, or even lead, on commissioning specific services. In some ways this can be seen as extension of the Participatory Budget pilot in North Cheam and Worcester Park Local Committee which looks at using the public realm budget more innovatively. The relevant local committee will use the funds to invest in the local area and to support the development of local community and voluntary groups. By implementing a council-wide approach to commissioning, local committees will receive enhanced information and support with which to understand need and take commissioning decisions but, more importantly, communities of interest, rather than purely geographical communities, will also be able to lead or take part in commissioning activities of relevance to them utilising a wider range of funding streams.

## 2. Progress

- 2.1 The Commissioning Framework sets out how the council will commission for outcomes together with Sutton citizens and our partners and commission for internal services to support front line delivery that provide excellent value for money. Specifically it outlines:
- The commissioning cycle that officers are expected to follow, including activities within that cycle that allow for full consultation.
  - Clear definitions, roles and responsibilities.
  - Key principles that will underpin our decisions.
  - Standards against which we expect to be accountable.
  - Skills that we expect commissioners will need to develop.
  - Governance arrangements.
- 2.2 The Framework also sets out the council’s commitment to a strategic commissioning approach which will enable us to:
- Understand in detail the evolving needs of the community, as well as the key priorities that public sector bodies can most effectively deliver against.

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<sup>1</sup> “Making Ends Meet”, Audit Commission, 2003

- Design and deliver appropriate services to meet these needs, utilising the full capabilities of in-house services, market providers, and voluntary and community groups.
- Constantly review and validate whether the work done by partners, or on behalf of partners, through private and third sector providers is effective, thereby guaranteeing the best use of our resources.
- Manage the process effectively, facilitating the work done by partners to identify and maximise opportunities for collaboration, challenge 'accepted thinking', and encourage innovation about the right way to meet community needs.

2.3 It was also agreed that two pilots would be set up to test the wider applicability of the commissioning approach. Colleagues from across the council have been working together to use the new commissioning approach for provision of Looked After Children's (LAC) placements and to the provision of ecology services. The learning from the pilots at this point are summarised below:

- Clear, evidence-based, commissioning intentions are vital.
- Commissioning for outcomes is important and allows for a more collaborative approach that partners can sign up to.
- All services should go through a commissioning process, even if they remain in-house, so that there is a robust rationale for their continuation and so that a broader range of stakeholders can input into future development.
- Commissioning has not been commonly understood across the council or amongst our partners but there is increasing awareness of what the term means.
- There is a tension between being responsible for managing a service and leading on its re-commissioning that needs to be understood and managed.
- Partners are key in engaging with the wider community and officers need support to involve partners at all stages of the commissioning cycle.
- Commissioning often involves brokering arrangements using external resources and this may require additional skills and understanding.
- Testing demand and market capability must be done early in the commissioning cycle.

### **3. Implementation and next steps**

3.1 To further embed the new council-wide approaches to commissioning it is proposed to build it in to the business and financial planning round for 2013/14. This means that between now and June there will be a process of agreeing high-level council-wide objectives (or commissioning intentions) for 2013/14 that reflect corporate priorities consistent with the last year of the current corporate plan. In July, the proposed Strategy and Resources Committee will then agree overall guidance for the business and financial planning round so that Groups can begin to identify service commissioning intentions for the forthcoming period and the resources that will be required to deliver them. A first draft of plans, as last year will be reviewed in September.

3.2 There are a number of other areas to deliver the changes that are required:

- The completion of the support services review as one of the Smarter Council projects.
- The implementation of structural changes as set out in the Smarter Council paper.
- Delivery of a programme of learning and development commissioned by Human Resources colleagues.

- Updating approaches to council –wide performance management arrangements.
- Development of new approaches for resident and community involvement that take account of the need to build the capacity of individuals and community groups and the work of councillors in their community leadership roles.

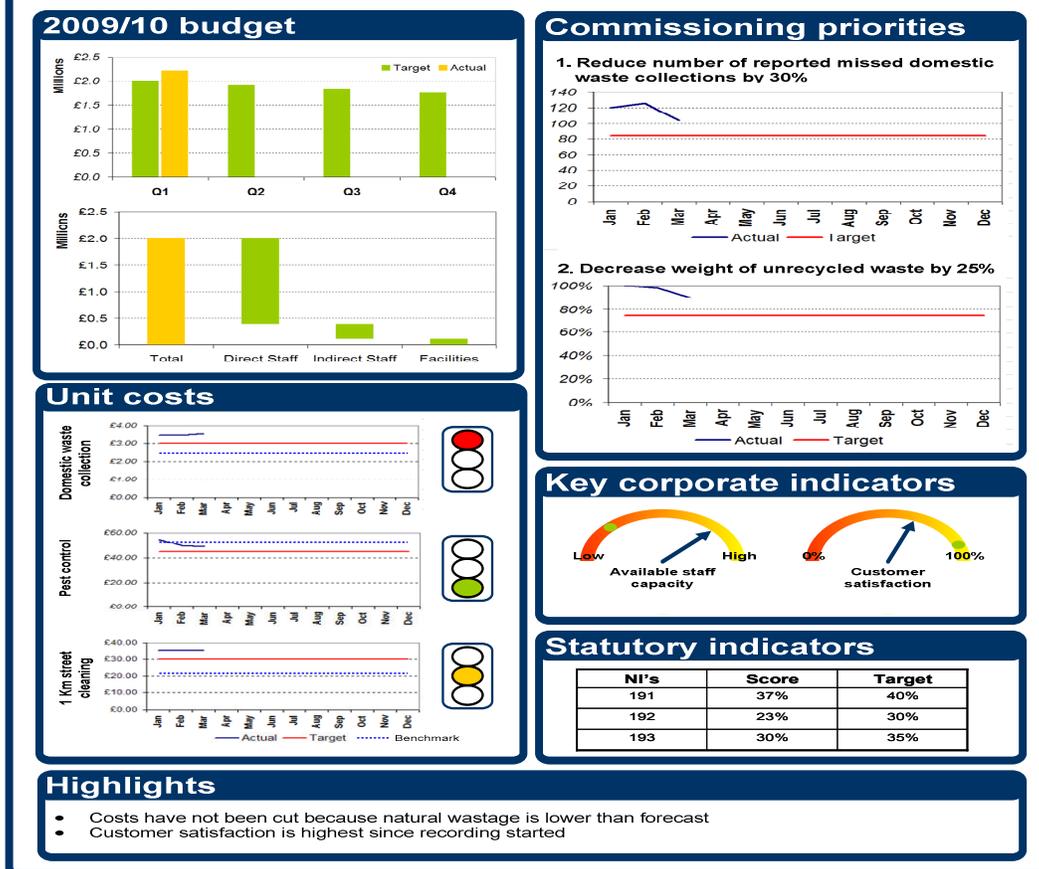
3.3 All of this work will be managed as a single project that is part of the wider set of changes and workstreams to implement the Smarter Council.

Milestone:	By:
Agreement to council –wide model for assessing needs to inform business planning and financial planning for 2013/14	May 2012
Development of a tool- kit to ensure the council understands and can assess the markets it is operating in	June 2012
Agreement to high- level corporate commissioning intentions to start the council’s business and financial planning round	June 2012
Business plan and financial planning guidance agreed	July 2012
The role and remit of the new Commissioning Directorates and what they will require from the corporate ‘core’ agreed.	July 2012 – September 2012
Establishment of a single research, intelligence, performance management and corporate policy hub as part of the corporate core	December 2012
Development and delivery of a council wide learning and development programme	Programme agreed by July and delivered throughout 2012/13
Development and piloting of proposals for citizen involvement	September to December 2012
Development of refreshed performance management regime for implementation April 2013	January 2013
Development of an approach to measure social impact to inform future commissioning decisions	January 2013

3.4 The development of new approaches to commissioning mean that we will need to review how we manage performance and the tools that we need to have in place. Building on best practice elsewhere we will need to have a clear understanding of what good performance looks like, the key factors and outcomes that drive this, the measurements and metrics that need to be monitored to make sure targets are met and better ways to make sure this information is accessible to our residents.

3.5 In a new world, as part of a balanced score card approach our performance management regime could look more like this:

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#### 4. Financial Implications

- 4.1 This paper sets out how the council makes even better use of the resources it has available through taking a council - wide approach to commissioning. In the long term these approaches should have significant financial implications. Specific financial implications are being considered as part of each of the pilot projects as set out above. Implementation of the changes set out in both papers, will be largely met from within existing resources. However, some resources may need to be refocused – such as resources for programme and project management and learning and development – in order to allow for the necessary upskilling of the organisation.

#### 5. Influence of the Council's Core Values

- 5.1 It is intended that a Council-wide approach to commissioning will allow the Council to refocus its work to better achieve its overall objectives and embody its core values. Partnership already plays a key part in successful commissioning and joint commissioning takes place across many key service areas, especially in relation to adult social services, health and some children's services. Developing this approach to commissioning will therefore reinforce this core value. Similarly, it is the intention to ensure that approaches to commissioning are developed that incentivise innovation from the providers of service.

#### 6. Equalities impact assessment

- 6.1 Equality Impact Assessments are being completed for the pilots outlined earlier and an EIA for the Commissioning Framework is attached (Appendix B).