

CABINET

8 December 2010

PROPOSALS FOR A COMMISSIONING APPROACH

REPORT OF THE COMMISSIONING TEAM

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RECENT REFERENCES:

[SO122](#) – Draft Change Plans – 11 November 2010

[CAB 2069](#) - Adoption of the Winchester District Sustainable Community Strategy 2010 - 2020, 13 October 2010.

EXECUTIVE SUMMARY:

Over the last year, the Council has taken steps to become a 'commissioning' organisation, creating a new management structure mirrored by a new line-up of Cabinet portfolios and designed to promote more effective delivery of the community outcomes in the Sustainable Community Strategy. However, a commissioning approach requires us to review the way we go about delivering services, projects and initiatives to ensure that we are meeting the real needs of our customer groups whilst we – and our partners – make best use of increasingly scarce resources. This paper sets out a definition of commissioning and explains how such an approach could work. It seeks Member approval for this approach, and invites comments on the outline process detailed in this paper.

**RECOMMENDATIONS:**

That Members:

1. approve the principle of rolling out a commissioning approach as described in this paper, as from April 2011, and
2. offer comments on the process which will help officers to refine the ideas and key considerations set out in this paper.

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### PROPOSALS FOR A COMMISSIONING APPROACH

#### REPORT OF THE COMMISSIONING TEAM

#### DETAIL:

##### 1 Introduction

- 1.1 The newly revised Winchester District Sustainable Community Strategy was adopted by Council in November 2010. It sets out programmes of work required to deliver 3 major outcomes: High quality environment; active communities; and a prosperous economy. In addition, 5 priorities are identified: Older people; reducing the district's carbon footprint; access to services; Stanmore; and Winnall.
- 1.2 The Strategy is a high level document, designed to set out an agreed direction for the LSP and other key stakeholders. Delivering these outcomes across the District will rely on the commissioning and effective management of a set of co-ordinated programmes designed to deliver a step change in performance against each of the outcomes.
- 1.3 Over the past year, the Council has been taking steps towards becoming a commissioning organisation. The management restructure in 2009/10 included the creation of a new commissioning team of three assistant directors, each accountable for delivery against one of the three outcomes of the Sustainable Community Strategy. Cabinet responsibilities were also re-aligned following the elections in May so that there is also a Portfolio Holder for each of the three community outcomes.
- 1.4 The commissioning team has a remit to generate, coordinate and deploy resources drawn both from across the Council and external sources in order to deliver outcomes in the Sustainable Community strategy.
- 1.5 Programmes for change are being drawn together for the coming three financial years in the form of Change Plans, which have accompanied the budget proposals through the November Scrutiny cycle and which will be returned to Cabinet in January for recommendation to Council in February. There is a change plan for each priority outcome, which identifies the key changes we and our partners want to make to improve our performance against that outcome.
- 1.6 In view of the ever-increasing squeeze on funding we will need to ensure those changed programmes are delivered in a way which makes the best use of public resources. Commissioning is designed to ensure we find the best

and most cost-effective way of delivering change and so improving outcomes. This report sets out an approach to the delivery of the Change Plans which follows a commissioning model. This approach is well established in the health and care sectors, and is being developed for wider use by a number of councils. In essence, it seeks to secure the best performance and best value for money by allowing a range of providers to offer different approaches to delivery. Members are invited to adopt this commissioning approach for Winchester City Council, and to offer comments on the process set out in this paper and in particular the flow chart at Appendix 1 which will help to shape its continued development.

## 2 A Definition of Commissioning

- 2.1 Commissioning is, simply put, a mechanism for getting things done. Although the term is more familiar in first tier authorities and the NHS, for Winchester City Council it encompasses all of the following forms of delivery:
- a) via in-house services and activities
  - b) via partnership programmes
  - c) via project funding for third parties (private, social enterprise, third sector)
- 2.2 The Council already does a good deal of commissioning under this definition including consideration of a range of options for delivery such as outsourcing, service level agreements, shared services and bringing services back in house where this provides the most efficient and effective way of achieving outcomes. The proposed commissioning approach will build on previous good practice and seek to apply it more broadly and consistently with the emphasis firmly on outcomes for the community.
- 2.3 A commissioning approach requires officers and partners to consider these other options, and to assess the advantages and disadvantages of each one before progressing new initiatives. However, the key difference is to encourage a focus on the outcomes sought (the change we are looking for) and not seek to rigidly define inputs or delivery mechanisms. This opens up the potential for external organisations to offer more cost effective, more innovative or more immediate solutions to identified issues than in-house provision may achieve – although we can and do also commission our own teams. The essence of the model is to encourage new ways of thinking about delivery.
- 2.4 Commissioning not only relates to the way services or projects are procured: it also seeks to link the deployment of all appropriate resources to the delivery of strategic priorities. It can be applied at any level but would be most in evidence when deploying resources across departments, across organisational boundaries, in shared services, and outsourcing.

## 2.5 The advantages of commissioning include:

- i) greater impact in delivering desired outcomes
- ii) closer working between partners with resulting efficiencies
- iii) best use of available resources
- iv) an encouragement to find better, more cost effective routes to provision
- v) services better designed to achieve outcomes for service users and the wider community.

## 3 The Commissioning Process

3.1 To achieve the coordinated deployment of resources, an effective and efficient commissioning process must be developed which should in turn stimulate a vibrant and competitive local market (in itself a desirable outcome set out in the Community Strategy). The process should include the following elements:-

- i) A sound understanding of user and community needs through ongoing community engagement and research.
- ii) Clarity on outcomes sought, not inputs demanded.
- iii) A shared understanding of the priority outcomes we want and how we will know when they have been achieved.
- iv) Analysis of what is currently being provided, agreement on the removal of ineffective activities/duplication, definition of commissioning outcomes, and planning of delivery models.
- v) Identified prospective partners, with a level playing field for both not-for-profit and profit-making enterprises (see paragraph 3.4 below).
- vi) A process which encourages innovation and fresh thinking for better-designed services and interventions to achieve outcomes.
- vii) Effective and fair evaluation of bids and selection of partners.
- viii) Clear performance indicators and milestones for services and initiatives.
- ix) Ongoing monitoring and evaluation against the indicators relevant to priority outcomes.

3.2 Adopting a commissioning approach will mean a difference in the way the Council conducts its 'mainstream' business, and therefore a significant change in culture. It could in theory mean that all of the Council's resources are applied in this way. This would open up new potential to influence the local

market, outsource services, and share resources across organisational boundaries if these options will achieve better outcomes and value for money.

- 3.3 The aim will therefore be to commission a wide range of services in this way over time so as to influence the design of service plans for public sector operational teams, multi-agency initiatives, service level agreements with voluntary sector partners, contracts with a local businesses etc.

#### 4 Key Considerations

- 4.1 The Council will need to ensure that its commissioning process supports the development of a diverse range of suppliers from across the statutory, voluntary and private sectors. This means that it must be designed in a way that does not prevent barriers for the voluntary sector in particular, and that is easy to adapt for a wide range of procurement opportunities. Consideration is already being given to the creation of an 'approved suppliers' list for the voluntary sector similar to lists held for other areas of the Council's work: this would save organisations from duplicating effort when bidding for different opportunities.
- 4.2 The Community Strategy recognises that communities are strengthened and enriched by a thriving and sustainable voluntary and community sector. Accordingly, the LSP partners are keen to facilitate the greater involvement of the sector in clarifying commissioning outcomes and delivering local services.
- 4.3 Community involvement in commissioning should create 'social capital' by building and maintaining relationships within communities. Commissioning must build enough 'social capital' to be effective in our more disadvantaged communities. The voluntary and community sector can advocate on behalf of actual or potential service users, and offer specialist 'niche' expertise in areas where the public or private sectors tend not to operate. It can involve service users as deliverers of services or in governance, be independent, campaign to influence, be flexible and innovative. It can act as a critical friend, add value over and above that commissioned, and it can also fundraise and access additional funding streams not open to public or private providers.
- 4.4 The process must also be easy to administer for officers, who are already adjusting to new ways of working and a reduced staff establishment. There will be no additional staff resource to carry out commissioning, although the process will be overseen by the three assistant directors.
- 4.5 The process must also be transparent and easy to understand for all. It will focus on a commissioning web portal (akin to the [Hampshire Jobs](#) site) which can in time expand to include opportunities offered by other partner organisations.

## 5. Legal Considerations

- 5.1 The Council's powers to enter into financial arrangements with other bodies are governed by statute, EU procurement law and the Council's own Procedure Rules.
- 5.2 Support for not-for-profit voluntary bodies and Registered Social Landlords is governed by specific grant making powers under several Acts of Parliament. Where these bodies alone are involved then the new commissioning approach can normally be accommodated within the use of those grant-making powers.
- 5.3 However, if a mix of providers is being considered to undertake a particular function, care will need to be taken on the facts of each case as to the appropriate legal approach. For example, if a mix of voluntary bodies and commercial providers were being considered, then the Council's Contract Procedure Rules would come into play. Above certain financial limits EU procurement requirements could also apply. This would require formal tender procedures to be adopted which would open the market up beyond existing providers. In some instances TUPE issues regarding the protection and transfer of staff could arise.
- 5.4 Different considerations apply where other public sector bodies are involved in potential service provision. In some instances this could also involve a requirement for tendering under EU procedures and/or TUPE issues.
- 5.5 The appropriate legal approach will have to be considered at the outset as different commissioning approaches evolve.

## 6 First Steps

- 6.1 Because this approach will require a degree of cultural and operational change within the Council, it is proposed that it be rolled out over time. A first step has been to re-design the community grants programmes. This budget would – after savings, and subject to Cabinet approval – become a commissioning budget, which can be used to commission specific projects, services or initiatives which fulfil the priorities set out in the Change Plans - perhaps from the same bodies previously grant aided.
- 6.2 The organisations which have traditionally received funding from the grants programme have been informed about the proposed changes, which would see some receiving nothing from the Council in 2011/12 whilst others which are well placed to deliver against the five priority themes of the Community Strategy will retain funding in exchange for a clearly defined set of actions in support of these themes. Winchester Area Community Action is playing an important role in supporting the voluntary organisations through these changes, and helping them to develop the capacity to 'bid' for future commissions.
- 6.3 The next step is to review existing service budgets which include an element of grant funding, often for traditional service level agreements with external

organisations considered useful to the District but falling outside the scope of the grants programme.

- 6.4 The current service redesign programme encourages Heads of Team to consider a commissioning approach for mainstream services, with its focus on customer outcomes and the requirement to deliver services at lower cost to the Council.

## 7 Approving the New Approach

- 7.1 Over the next three years, therefore, the Council would evolve from a service-oriented approach to a commissioning approach which can be tested at each step of the way, and lessons drawn from the experience to inform future development. For this reason, Members are asked to approve the commissioning approach for roll-out from 2011/12 when the focus will be the 'grants' budgets, with further papers returned to Cabinet as the process develops.
- 7.2 Members are particularly invited to consider the flow chart at Appendix 1 which outlines the proposed stages of the process 'step by step'.

## OTHER CONSIDERATIONS:

### 8 SUSTAINABLE COMMUNITY STRATEGY (RELEVANCE TO):

- 7.1 The proposed commissioning approach is directly relevant to the delivery of the Sustainable Community Strategy via change plans.

### 8 RESOURCE IMPLICATIONS:

- 8.1 This approach does not require new or additional financial resources, and decisions about the quantum of resources available to provide services are driven by the Budget process. It does, however, provide a different approach to how those resources are allocated, and may see spending shift from in-house provision to other modes of delivery, which will require different checks and controls. The Council's Budget allocations are increasingly driven by the aim of delivering against Community Strategy outcomes, and as we develop an understanding of how commissioning can work so we can use that to inform our approach to budget setting and financial management.
- 8.2 Investigation is now taking place into any costs relating to the proposed commissioning web portal (para 4.3 refers). It is anticipated that this will be contained within existing budgets.

### 9 RISK MANAGEMENT ISSUES

- 9.1 There are risk management issues arising from any kind of procurement, whether internal or external. A commissioning approach presents the opportunity to integrate risk management even more effectively into all our procurement processes. Commissioning requires, for example,



- clear allocation of resources
- clear identification of milestones, targets and/or other deliverables
- clear accountabilities
- effective project/programme management

All of these contribute to the reduction of risk, and would be agreed during the 'bidding' phase.

9.2 Issues relating to the appropriate legal approach to different commissioning processes will be carefully considered at each stage as the process develops.

#### BACKGROUND DOCUMENTS:

Draft Change Plans can be found at [www.wdsp.co.uk/community-strategy/](http://www.wdsp.co.uk/community-strategy/)

#### APPENDICES:

Appendix 1: Outcome-based Commissioning Approach - Flow Chart (Draft)

## Appendix 1

**DRAFT OUTCOME BASED COMMISSIONING APPROACH**