

Commissioning Framework May 2012

Introduction

This document sets out our framework to deliver a council-wide approach to commissioning. It is envisaged that to develop this approach, it will help to adopt a single overarching model for how the council commissions that focuses on commissioning for outcomes in partnership with our citizens and commissioning for internal services to support front line delivery that provides excellent value for money. Crucially in reviewing and evaluating services as part of this approach, the emphasis will be on seeing things as much from a citizen or user perspective as a professional one. This framework will help officers, whether they are commissioners or are a stakeholder involved in commissioning activity, to apply the council-wide approach, to be able to demonstrate best practice and to discharge their duty to obtain best value. “Under the Duty of Best Value, authorities should consider overall value, including economic, environmental and social value”¹.

As the council’s Commissioning Framework this document includes “commissioning principles [and] standards, the links between commissioning and other strategic plans, how commissioning will operate at different levels and in different service areas, and how governance will work through strategic plans”². The Local Government Association (LGA) and the Confederation of British Industry (CBI) suggest that strategic commissioning “allows local government to focus on its priorities” leading to:

- Transparency – both in demonstrating how decisions are taken throughout the commissioning process and in the monitoring of any eventual services.
- Boldness – in terms of spending and risk management.
- Collaboration – using the skills and expertise of a broad range of stakeholders to help identify gaps in provision and develop solutions.

A council-wide approach to commissioning is also crucial in delivering locally appropriate outcomes by making best use of the council’s ability to influence and shape services that it does not directly provide or pay for. As a leading public sector commissioner, the council will need to proactively shape the market, even when the obligation (and resource) to meet need lies outside of the council’s direct control.

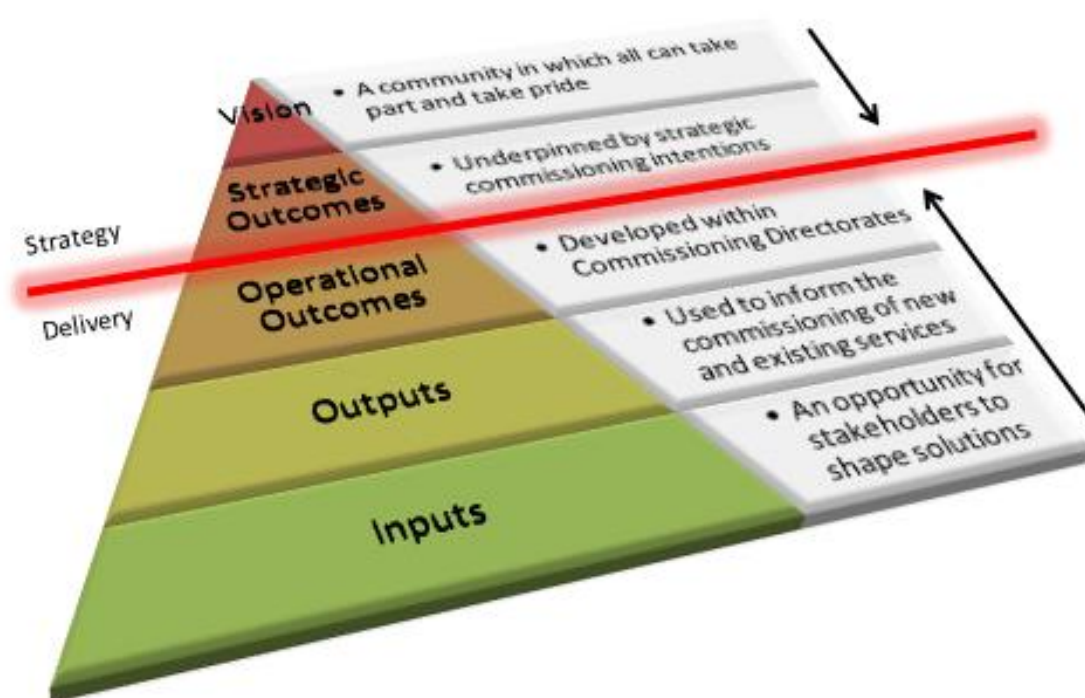
¹ Best Value Statutory Guidance (DCLG), Sept 2011:pp.6

² Understanding Commissioning: A practical guide for the culture and sport sector Local Governance (LGG) June 2011:pp.3)

The onus on councils to employ a strategic approach to commissioning has grown in recent years. Strategic commissioning³ will allow the council to:

- Understand intrinsically and intimately the evolving needs of the community, as well as the key priorities that public sector bodies can most effectively deliver against.
- 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.

Critically, this approach will bridge the gap between strategic vision, meeting local need and business delivery.

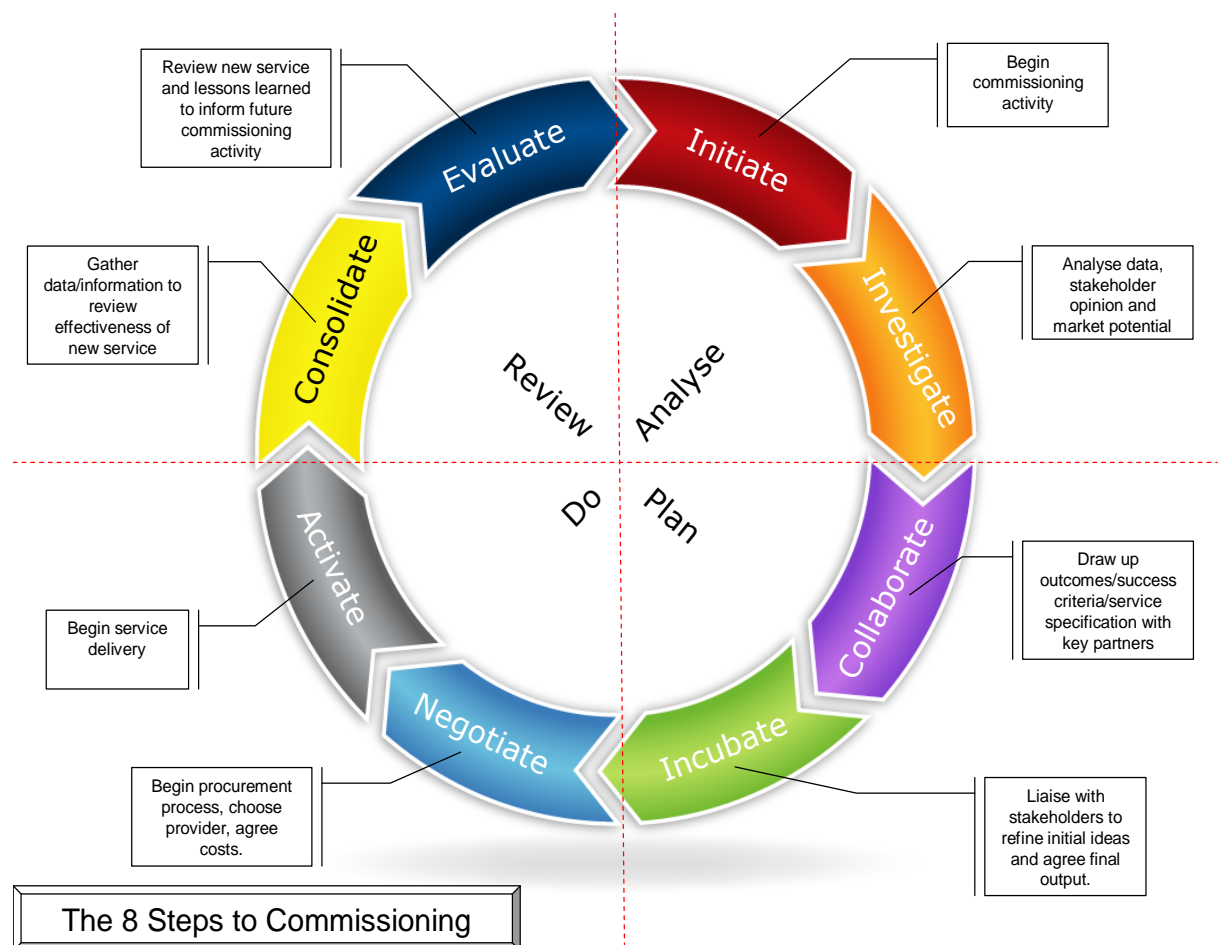


Although strategic commissioning is vital to meeting local need, it is acknowledged that commissioning happens at differing levels, primarily:

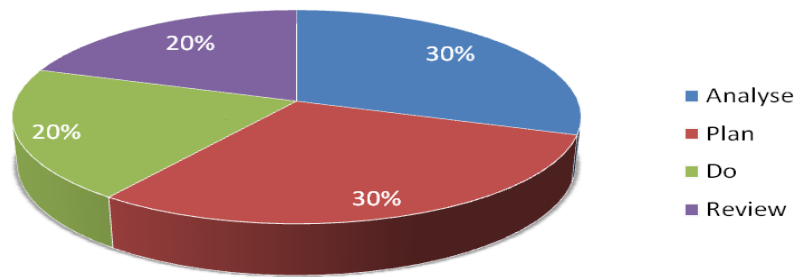
³ Adapted from Leicestershire Together - http://www.leicestershiretogether.org/index/strategy_and_delivery-2/strategic_commissioning.htm

- Individual - through mechanisms like Personal Budgets & Direct Payments.
- Neighbourhood – as seen in recent Participatory Budget pilots for example.
- Service – procuring a service to meet a specific need.
- Strategic – aggregating information to draw in a number of partners to provide a broader solution.
- Regional/National – contracts usually associated with central Government.

Each level implies its own locality and the council expects commissioners to consider for which locality they are commissioning as part of the initial stage of any commissioning activity in order to deliver best value financially, socially and environmentally. It is further expected that commissioning activity follows the cycle below:



As a rough guide, it is suggested that, for a full commissioning cycle, the proportion of time spent on each stage would be (this will depend on scale and complexity however):



Detailed Commissioning Framework

	8 Steps to Commissioning	Description	Responsibility of:
Analyse	1. Initiate	Consider setting up commissioning activity as a project.	Commissioning Officer/Lead
	Consider what resources are potentially available, which partners may need to be involved, how and when this activity will be communicated to potential stakeholders and that there is a clear mandate. Importantly, commissioners should also be clear about which locality level they are commissioning at.		
	2. Investigate	Clarify why the commissioning exercise is needed.	Commissioning Officer/Lead
	Establish an evidence base, undertake gap analysis, review current linked provision, test the market, consult with stakeholders and assess the impact of current and future legislation/guidance. Also worth thinking about other areas that could provide interesting evidence (complaints departments, customer contact centres etc.)		
Plan	3. Collaborate	Ensure key partners are engaged and can shape future provision.	Commissioning Officer/Lead
	Specifically engage people using and running the service to collate ideas for future provision and agree success criteria and expected outcomes. This stage also provides an opportunity to 'take stock' during a joint commissioning exercise to clarify governance arrangements, input from partners, budget available and whether these will be aligned or pooled.		
	4. Incubate	Draft key documents and consult.	Commissioning Officer/Lead & Budget Holder
	During this stage, the Commissioning Officer should develop service specifications, contracts, prospectus and/or purchasing plans. These documents can be co-produced with key stakeholders depending on relevance to eventual service provision.		
Do	5. Negotiate	Begin Procurement Process	Commissioning Officer/Lead & Procurement Specialist
	An opportunity to build relationships with potential providers, undertake specific market development activities, begin a fair and transparent procurement exercise and secure suitable providers.		
	6. Activate	Start service provision	Contract Manager
	This stage will begin the delivery of the new service and contain a mutually agreed early contract review to ensure the service is starting on the right footing and check that budget holders are comfortable. It would also provide opportunity to survey key stakeholders relatively early on to ascertain satisfaction with the service and iron out any initial issues.		
Review	7. Consolidate	Contract Monitoring	Commissioning Officer/Lead & Contract Manager
	At this stage, it would be normal to undertake full contract monitoring (often after 6 months for a new service or a year for an existing one). The review will establish whether outcomes are being delivered, how stakeholders feel about the service and review general market performance to establish a comparable baseline.		
	8. Evaluate	Demonstrate effectiveness and be accountable	Commissioning Officer/Lead
	An analysis of both the service performance and the effectiveness of the preceding commissioning activity should be undertaken and published to show whether the service is achieving, what could be done better in future and to ensure that the use of public money is transparent. This stage should also be used to refresh information to ensure the evidence base on local need is kept up-to-date and relevant.		

Definitions

The council will work to the following definitions for the lifetime of this Framework so that a shared terminology and understanding evolves across the organisation and between its partners:

- Commissioning – “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”⁴. It has essentially four stages - to analyse, plan, deliver and review.
- The LGA and CBI identify 4 emerging models of strategic commissioning:
 - Collective and placed based commissioning - strategic commissioning undertaken by one or more public agencies rather than by service users themselves. This includes commissioning by a local authority on behalf of its community and joint strategic commissioning for place which may involve the local authority commissioning with its local strategic partners.
 - Integrated commissioning using prime contractors - A two-tier approach to commissioning means the strategic commissioner defines outcomes it seeks for an end-user, group of end-users, or community and then procures a prime contractor to recruit additional organisations to work on the client authority’s behalf.
 - User-led commissioning - This is the move towards personalisation and the direct purchase of services by individuals.
 - Investment based commissioning - New models of investment-based commissioning are being successfully used to inject new capital and deliver improved outcomes.
- Decommissioning – “the process of planning and managing a reduction in service activity or terminating a contract in line with commissioning objectives”⁵
- Joint-commissioning – “the process by which two or more partner organisations act together to co-ordinate the commissioning of services, taking joint responsibility for the translation of strategy into action”⁶.
- Micro-commissioning – commissioning at an individual level, usually through the statutory assessment and support planning process undertaken in Social Work services, commonly refers to setting up individual packages of care. Increasingly these packages are being set up using Personal Budgets/Direct Payments so that the individual has more choice and control over their support. The commissioning cycle applies in a looser sense to this level although the 4 steps (analyse, plan, do, review) are picked up through the Social Work process. It remains essential, however, that information from this process is aggregated for use at a strategic commissioning level.
- Aligned/Pooled budgets⁷ –

⁴ Making Ends Meet (Audit Commission), 2003

⁵ Making Ends Meet (Audit Commission), 2003

⁶ The Role of Commissioning in Improving Services to Children in Need (SSiA & IPC), 2007:pp.6

⁷ Guidance to local areas in England on pooling and aligning budgets (DCLG), 2010

- Aligned budgets involve two or more partners work together to jointly consider their budgets and align their activities to deliver agreed aims and outcomes, while retaining complete accountability and responsibility for their own resources.
- Pooled budgets - A pooled budget is an arrangement where two or more partners make financial contributions to a single fund to achieve specified and mutually agreed aims. It is a single budget, managed by a single host with a formal partnership or joint funding agreement that sets out aims, accountabilities and responsibilities.
- Procurement – In Sutton, procurement is defined as the process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. The process is part of the council’s commissioning framework which spans the whole life cycle from identification of needs, through to the end of a services contract or the end of the useful life of an asset. It involves options appraisal and the critical ‘make or buy’ decision⁸.
- Social Value – “refers to wider non-financial impacts of programmes, organisations and interventions, including the wellbeing of individuals and communities, social capital and the environment. These are typically described as ‘soft’ outcomes, mainly because they are difficult to quantify and measure”⁹.
- Social Capital – “features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit”¹⁰
- Community Right to Challenge (Localism Act, 2011) “Under the Community Right to Challenge voluntary and community groups, parish councils and local authority staff will be able to challenge to take over the running of local public services”¹¹. Commissioners will need to be aware of the responsibility this places upon them where they may be considering re- or de-commissioning a ‘relevant service’.

Role Definitions

These roles are not expected, necessarily, to correlate with established posts. Officers may take on more than one role during a commissioning cycle or there may be a more fluid transition between them as the needs and scale of the commissioning activity dictate. Apart from the Procurement role, it is expected that a wide range of officers could adopt these roles and the framework provides a reference point regardless of commissioning experience.

- Commissioning Officer/Lead
There will be times where a designated commissioning officer will be tasked with leading commissioning activity. This person may be a full time commissioner based in one of the Groups. There may also be a need, often (though not exclusively) where commissioners are not directly deployed to work on an activity, to assign the ‘lead’ for commissioning to another officer.

⁸ London Borough of Sutton Procurement Strategy 2011-2015

⁹ http://www.demos.co.uk/files/Measuring_social_value_-_web.pdf?1278410043

¹⁰ R. Putnam (1995) Bowling Alone: America's Declining Social Capital

¹¹ <http://www.communities.gov.uk/localgovernment/decentralisation/localismbill/communityrights/>

This person would be responsible for ensuring the commissioning cycle is adhered to and for liaising with 'expert' or partner commissioners where appropriate.

- **Contract Manager**

This will be the named officer (or partner) responsible for ongoing contract management/monitoring. This does not need to be the commissioning officer and, in many cases, should be someone different in case a service is later recommissioned or decommissioned.

- **Budget Holder**

The Budget Holder will be the person responsible for the budget line from which payment to the provider will come. It is important to be clear about who the Budget Holder is, particularly where joint commissioning exercises are undertaken and there are multiple Budget Holders, and to ensure they are fully engaged in the activity – in terms of agreeing what success looks like and the ongoing evaluation of service delivery.

- **Procurement Specialist**

This role will normally be filled by an 'expert' based in the Corporate Procurement Unit who will give technical guidance on when to begin the procurement process, how to undertake it and how to comply with relevant legislation. It is recommended that a Procurement Specialist is involved early in the commissioning cycle so that they are aware of commissioning intentions and how they can support them.

Commissioning Principles

In order to ensure all commissioning activity that the council leads delivers the best possible outcomes for Sutton residents, it is committed to the following principles:

- **PRINCIPLE 1:** to deliver user-focused services that meet the needs of individuals and the locality at a price that all can afford
- **PRINCIPLE 2:** to commission services that have the potential to provide benefits to localities beyond the individual service provided
- **PRINCIPLE 3:** to recognise there is value in commissioning services from a variety of suppliers of different types

Where the council enters into any joint-commissioning activity, officers will seek to ensure these principles remain at the core of the process. The council's intentions are to develop its commissioning activities so that there is a shift towards neighbourhood and individual level commissioning. This will require a cohesive, strategic approach across the council covering:

- The identification and assessment of needs and aspirations of citizens and communities including local businesses and charities.
- Specifying the outcomes and pathways to secure the outcomes providers will need to meet, while achieving value for money

- Defining the resources available (including contributions from user charges) and determining how to allocate these (including setting eligibility criteria)
- Adopting an open-minded approach to identifying and evaluating the options for meeting needs and aspirations – including dialogue with a range of potential suppliers
- Matching the options for service delivery, with the available resources including individual or neighbourhood budgets and wider community objectives
- Choosing between potential suppliers on the basis of competitive neutrality where the local authority and not individuals are procuring the services from external or in-house providers
- Helping citizens to make appropriate choices, through improving the information available to them and through brokering collective choices which improve the value for money
- Market management, including identifying appropriate suppliers, attracting new entrants and ensuring competitive behaviour
- Procuring the services from private or third sector providers or on the same basis from in-house providers or public sector partners
- Continually monitoring and reviewing the achievement of outcomes and engaging and consulting with service users, staff and other stakeholders at all stages of the process.

(Commissioning strategically for better public services across local government (LGA & CBI) 2009:pp.9)

The table below illustrates the value of how strategic commissioning can be used by different people within the council:

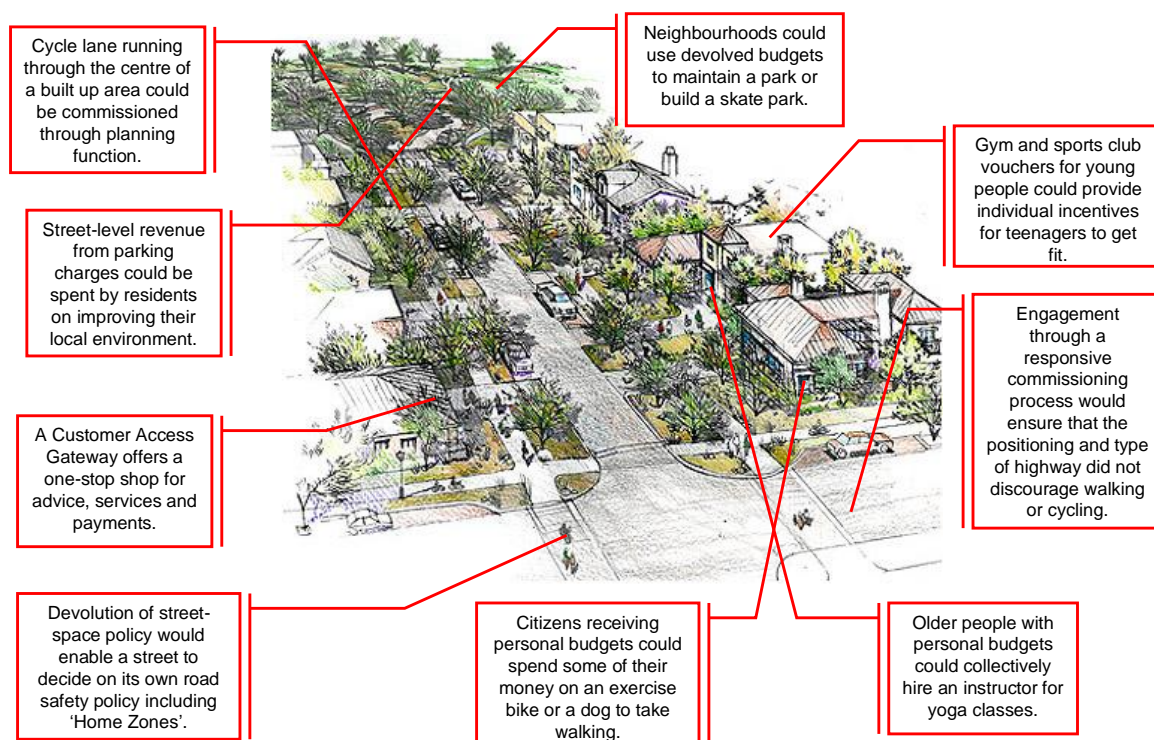
	I use strategic commissioning to...
Councillors	<ul style="list-style-type: none"> ■ Be assured that we are capturing the needs of local citizens, and are constantly assessing and adapting the way in which we do things to be most effective. ■ Set the political and strategic agenda for key improvements across the Borough. ■ Prove the success of our service delivery to the public.
Chief Executive	<ul style="list-style-type: none"> ■ Help realise local and national savings targets and close budget gaps. ■ Guarantee better value for money and greater impact for Sutton's taxpayers. ■ Reduce the risk associated with strategic decision-making about public services, through a more thorough understanding of the local context. ■ Help Sutton become the place our citizens want it to be.

	I use strategic commissioning to...
Senior officers	<ul style="list-style-type: none"> ■ Set operational priorities and the performance management framework that underpins service delivery. ■ Forecast budgetary requirements and service demand levels over a period of time to improve financial management processes. ■ Decommission services that add value to neither the business nor the customer and re-deploy resources to services that do. ■ Interact with and cultivate provider markets to encourage innovation in how services can be delivered.
Delivery managers	<ul style="list-style-type: none"> ■ Fully understand what my service is expected to achieve, and how my service links with and delivers Sutton's vision and priorities for the area. ■ Save time and money on securing goods and services jointly, and develop a stronger understanding of what I need. ■ Manage the performance of staff and providers to achieve a clear set of goals.
Service providers / front line officers	<ul style="list-style-type: none"> ■ Recognise how the things I do on a day to day basis influence better outcomes for our community. ■ Influence how front line services can be delivered through being involved in the process of designing service models.

(Adapted from Leicestershire Together's model for Strategic Commissioning).

The diagram below illustrates the outcomes that a new approach to commissioning should deliver:

Locality Commissioning – empowering residents



Source: Adapted from 'People Power: How can we personalise public services?', (pp.93) 2009, NLGN

In seeking to develop a 'Locality' approach to commissioning, the council will expect its Officers to operate to the standards below and would ask partners to be mindful of these standards when engaging in joint-commissioning activities:

Standard 1

The Council can demonstrate how its commissioning activity has translated the commitments in its partnerships plans and corporate plan into services to meet the needs of local citizens.

Standard 2

Commissioning activity has been based upon sound evidence of current and future user needs and market understanding.

Standard 3

Commissioning activity has clearly specified the outcomes to be achieved for service users, and what services will best deliver those outcomes over time.

Standard 4

Commissioning activity has been developed with partners and has involved all key stakeholders including users, carers, citizens and service providers in the statutory, private and voluntary and community sectors.

Standard 5

The council has ensured that its financial and procurement rules allow commissioners to be efficient and effective in developing local markets.

Standard 6

Directly provided and contracted services have been developed in line with the council's Commissioning Framework, the Procurement Strategy and business plans which allow for flexibility in order to support innovation and responsiveness.

Standard 7

Directly provided and contracted services offer value for money, are fit for purpose and are evidenced to meet local need.

Standard 8

Commissioners have understood the costs of directly provided and contracted services and have acted in a way to promote service sustainability and consider the Social Return on Investment.

Standard 9

Commissioning activity and the services secured have been monitored and evaluated to ensure it delivers the intended outcomes, outputs and can demonstrate continuous improvement.

Standard 10

Commissioners are suitably trained, qualified, experienced and are available in sufficient numbers.

**Modified from "Fulfilled Lives, Supportive Communities Commissioning Framework Guidance and Good Practice" August 2010 (www.cymru.gov.uk)*

Commissioning Skills

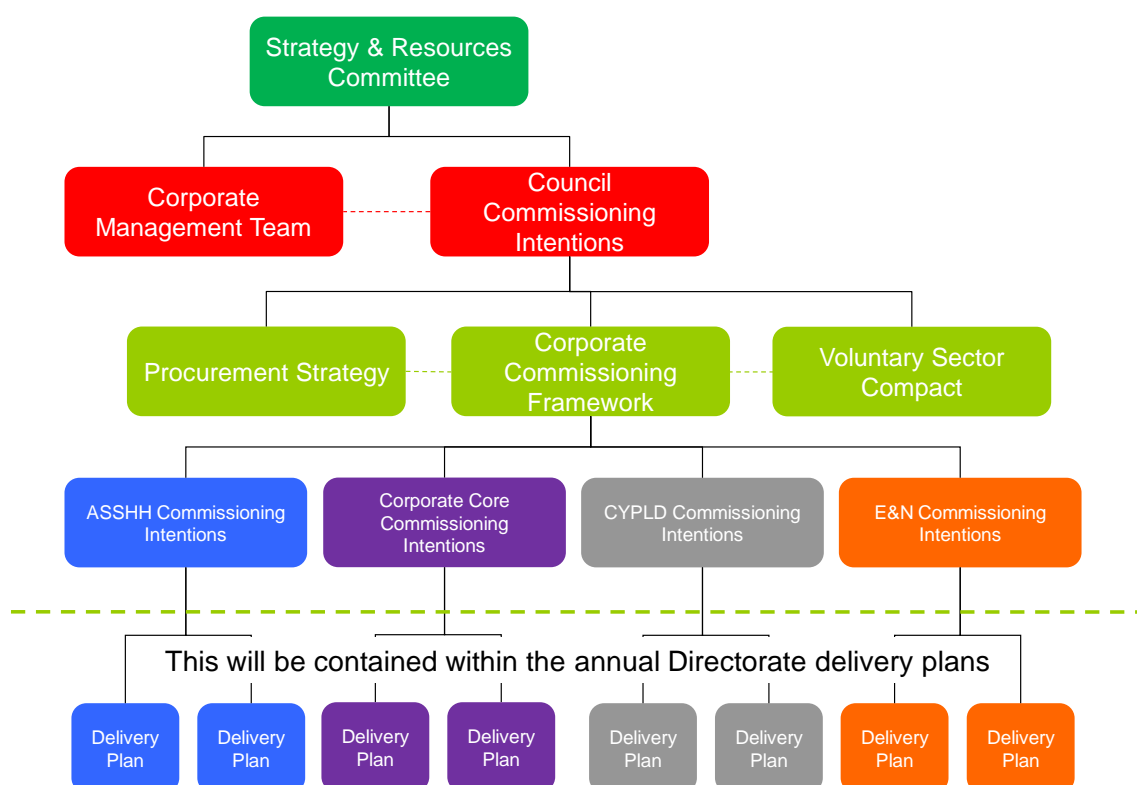
OVERARCHING	Locally lead	<ul style="list-style-type: none"> • Listens to partner organisations and other providers • Signals future priorities for the borough • Presentation and influencing skills e.g. reputation management • Organisational development skills
	Joint Commissioning	<ul style="list-style-type: none"> • Development of partnership agreements • Database management • Partner relations skills, enquiry response, feedback evaluation, data quality assurance, accountancy spreadsheets • Presentation and influencing skills
ANALYSE	Engage with public and patients	<ul style="list-style-type: none"> • Communication skills to address the needs of all relevant stakeholders • Relationships skills e.g. Being able to use the third sector and community partners to seek and engage the voice of those who are seldom heard • Knowledge of engagement methods • Event management • Feedback evaluation and analysis • Website management • Survey management • Presentation and influencing skills
	Manage knowledge and assess needs	<ul style="list-style-type: none"> • Partnership liaison skills, to ensure a meaningful exchange of key data and analysis • Information gathering (of both quantitative and qualitative information) and research skills, including data quality assurance • Database management and monitoring skills • Information analysis skills, predictive modelling; process mapping; ratio analysis; risk assessment; social modelling; scenario planning; needs analysis; statistical analysis; variance analysis • Presentation, negotiation, brokering and influencing skills
PLAN	Involve frontline	<ul style="list-style-type: none"> • Resident/stakeholder relations skills;

	specialists in strategic planning and service design	<ul style="list-style-type: none"> • Knowledge of engagement methods • Relationship building • Feedback and evaluation skills • Website and intranet skills • Survey management • Effective presentation and influencing skills • Operational and project management skills to implement new ways of working
	Prioritise investment	<ul style="list-style-type: none"> • Database and knowledge management skills • Prioritisation and decision making skills; key input summary; predictive modelling; process mapping; ratio analysis; risk assessment; market segmentation; 'what if?' scenarios; simulation tools; spreadsheets; statistical analysis; variance analysis • Programme budgeting and marginal analysis capability linked to transparent investment decision making processes • Presentation and influencing skills
	Promote improvement and innovation	<ul style="list-style-type: none"> • Relationship management skills • Information management skills: seeks and shares knowledge and intelligence with local service providers, including current and potential providers • Project management skills that assist provider organisations in delivering innovative practice • Negotiation and specification skills • Presentation and influencing skills
	Procurement/contract process	<ul style="list-style-type: none"> • Stakeholder liaison and information sharing • Legal and regulatory skills relevant to tendering and contracting • Negotiation skills • Skills in understanding and writing legal, enforceable and fair contracts and specifications • Contract and performance management
DO	Financial management	<ul style="list-style-type: none"> • Professional financial management skills, including financial planning and forecasting, investment analysis, management accountancy and financial governance skills • Business-case modelling skills

		<ul style="list-style-type: none"> • Impact and risk assessment skills • Programme budgeting skills
	Stimulate the market	<ul style="list-style-type: none"> • Establishing and develop formal and informal relationships with existing and potential providers • Residents, communities, stakeholders, staff engagement skills • Signalling to current and potential providers their future priorities, needs and aspirations • Provision analysis and monitoring skills (including gap analysis); risk assessment and management; market segmentation; simulation tools • Project management skills, including change management support for provider organisations where required • Negotiation skills • Presentation and influencing skills
REVIEW	Evaluation and Continuous Improvement	<ul style="list-style-type: none"> • Stakeholder liaison skills • Contract management • Performance Management • Database management • Quality assurance • Accountancy; and spreadsheets • Presentation and influencing skills

[Adapted from the NHS World Class Commissioning Programme and LB Harrow Commissioners Skills Audit]

Strategic Commissioning Governance



Ensuring a balance across the commissioning levels will be key to delivering locally accountable services. However it is the council's approach to Strategic Commissioning that will facilitate this. This approach will help distil national policy and enable the council to make best use of (and influence) commissioning decisions taken at a regional/national level. It is proposed that the council's commissioning intentions are clearly published onto the website and will link to the commissioning intentions developed at Directorate level under the expectations set out in this document. All Directorate commissioning intentions will be published together and will act as a summary of the council's commissioning 'vision'.

The Strategy and Resources Committee will have oversight of the Council's commissioning intentions and the council's senior management team will ensure that the Group-level commissioning activity is analysed on an annual basis so that any significant changes to the Intentions are captured.

Commissioning Intentions & Business Planning Cycle

The council's commissioning intentions will be developed to this timescale:

End-Jul	End-Aug	Mid-Sept	Mid-Oct	Nov	Dec	Jan	Mid-Feb	March	April
Business planning guidance agreed	Commissioning intentions drafted in business plans	Intentions and business plans agreed by CMT	Strategy & Resources Committee agree first drafts		Budget consultation includes intentions		Strategy & Resources Committee approve for Full Council	Full Council Agreement	Commissioning Intentions published

Voluntary Sector Compact

It is anticipated that the Commissioning Framework will complement the existing Sutton Compact (2006) – due now to be reviewed and updated. As clearer corporate commissioning intentions are developed, using thorough stakeholder engagement, this will have synergy with the spirit of the Compact. The council-wide approach to commissioning is entirely in line with the Compact’s “Funding, Procurement and Commissioning Code Principles”.

Joint Commissioning Arrangements

An open, clearer and more locally accountable approach to commissioning should enhance current joint commissioning arrangements and unearth further opportunities. It is expected that strategic partners and members of the public will benefit from seeing explicit commissioning intentions and then knowing at what level they can influence and contribute to commissioning activity. The council will use its responsibilities under the Open Public Services White Paper (2011) to lead on local area commissioning by “involving communities, local partners and providers to decide collectively how to get the very best outcomes from the resources available”.

Integrated Commissioning with Health

The Health & Social Care Act (2012) received Royal Assent on March 27th, 2012. It is intended that the Act will¹²:

- Devolve power to front-line doctors and nurses: Health professionals will be free to design and tailor local health services for their patients;
- Drive up quality: Patients will benefit from a renewed focus on improving quality and outcomes;
- Ensure a focus on integration: There will be strong duties on the health service to promote integration of services;
- Strengthen public health: Giving responsibility for local public health services to local authorities will ensure that they are able to pull together the work done by the NHS, social care, housing, environmental health, leisure and transport services;
- Give patients more information and choice: Patients will have greater information on how the NHS is performing and the range of providers they can choose for their healthcare. And they will have a stronger voice through Healthwatch England and local Healthwatch;

¹² <http://mediacentre.dh.gov.uk/2012/03/27/health-and-social-care-bill-gains-royal-assent/>

- Strengthen local democratic involvement: Power will shift from Whitehall to town hall – there will be at least one locally elected councillor and a representative of Healthwatch on every Health and Wellbeing Board, to influence and challenge commissioning decisions and promote integrated health and care;
- Reduce bureaucracy: Two layers of management – Primary Care Trusts and Strategic Health Authorities – will be removed through the Act, saving £4.5 billion over the lifetime of this Parliament, with every penny being reinvested in patient care.

This will encourage further integration between the council and health partners in the commissioning of services for public health and in the delivery of services commissioned by the local Clinical Commissioning Group.

Key Related Documents

Document Name	Location
London Borough of Sutton Procurement Strategy 2011-2015	(TBC)
Sutton and Merton JSNA	http://www.suttonjsna.org.uk
Sutton Compact	http://www.sutton.gov.uk/CHttpHandler.ashx?id=254&p=0
National Compact	http://www.cabinetoffice.gov.uk/sites/default/files/resources/The%20Compact.pdf

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