Commissioning Toolkit

London Borough of Sutton

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Forward

- Sutton council is a commissioning council. This means that we have committed to using the commissioning cycle to make evidence-based decisions about the services we provide. We are also committed to involving local people, providers and partners early in this process and in a manner that fosters collaboration.

- This toolkit has been put together to help council officers who lead or support a commissioning cycle. It is based on recognised good practice and experiences of commissioning in Sutton. There is training available to support officers and the tools and techniques covered should be seen as suggestive rather than definitive.

- The toolkit will be available externally so that other stakeholders are able to see how we commission and how decisions are reached.

- Over time, other tools will be added and it is important that people involved in commissioning reflect on the quality of the process as well as the eventual outcome to help develop the way we work together.

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London Borough of Sutton Commissioning Framework

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Introduction

This section 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"

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.

Introduction

A council-wide approach to commissioning is 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.

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.

Introduction

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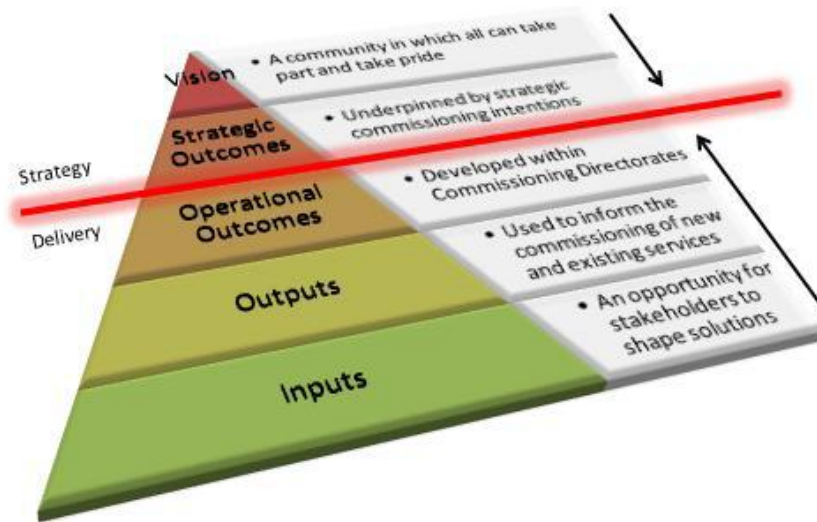

Although strategic commissioning is vital to meeting local need, it is acknowledged that commissioning happens at differing levels, primarily:

- 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.
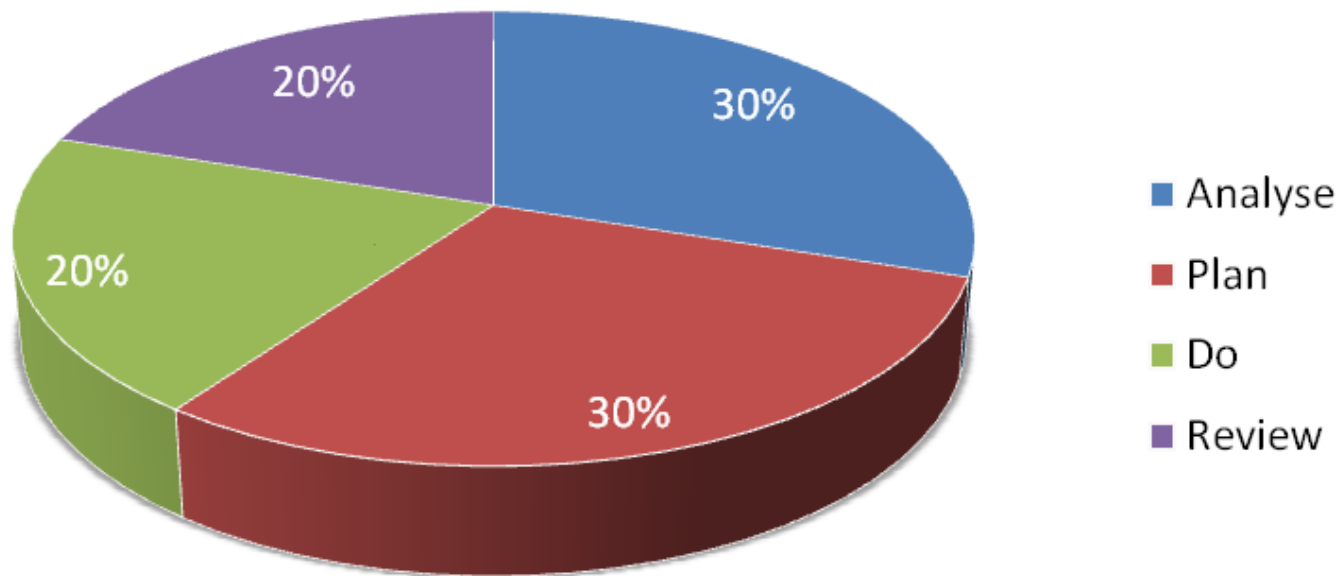
8 Steps to Commissioning

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:

The 8 Steps to Commissioning
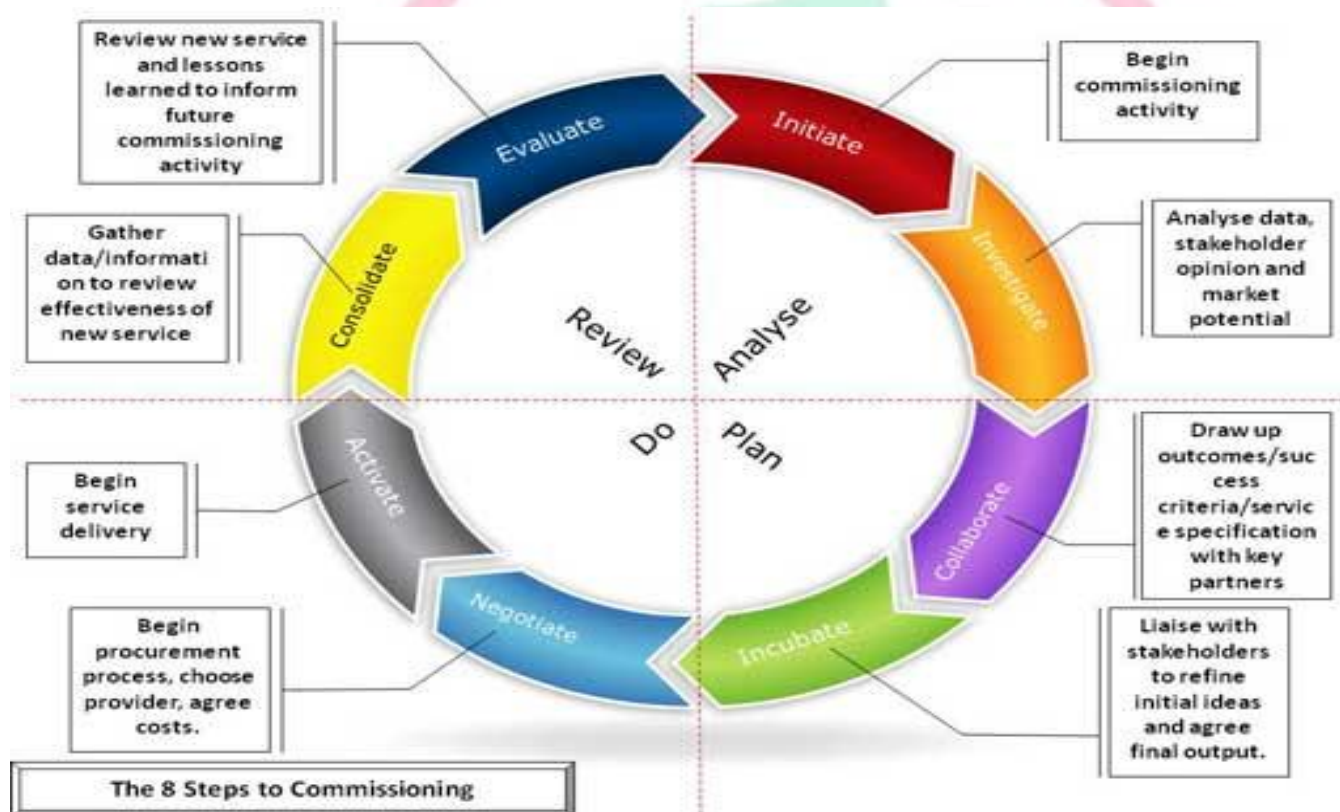
4 Stages to Commissioning

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):

- Analyse — 30%
- Plan — 30%
- Do — 20%
- Review — 20%

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.

Definitions

- **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 councils 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 decision

- **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.

- **Social Capital** – "'features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit

- **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 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 Directorates. 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.

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

Role Definitions

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 a subject 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)

Commissioning Principles

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

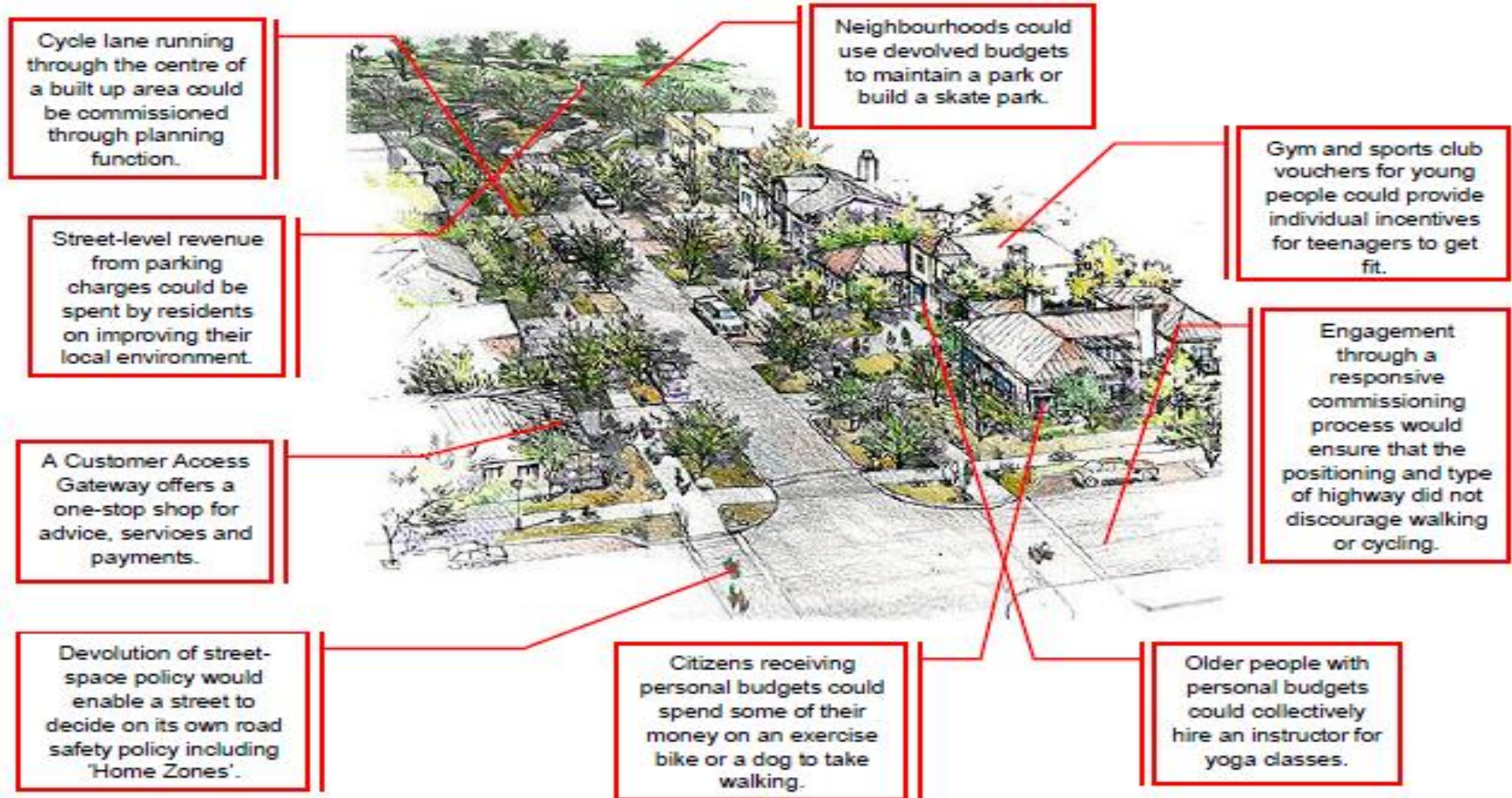Commissioning strategically for better public services across local government (LGA & CBI) 2009:pp.9)

Commissioning Roles

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	• 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	• 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.
Senior officers	• 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	• 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	• 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.

Locality Commissioning – empowering residents

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

Cycle lane running through the centre of a built up area could be commissioned through planning function.

Neighbourhoods could use devolved budgets to maintain a park or build a skate park.

Gym and sports club vouchers for young people could provide individual incentives for teenagers to get fit.

Street-level revenue from parking charges could be spent by residents on improving their local environment.

Engagement through a responsive commissioning process would ensure that the positioning and type of highway did not discourage walking or cycling.

A Customer Access Gateway offers a one-stop shop for advice, services and payments.

Devolution of street-space policy would enable a street to decide on its own road safety policy including 'Home Zones'.

Citizens receiving personal budgets could spend some of their money on an exercise bike or a dog to take walking.

Older people with personal budgets could collectively hire an instructor for yoga classes.

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

10 Standards

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

Standard 2

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

Standard 4

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

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 led**
  - 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**
  - 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**
  - 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**
  - 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

Commissioning Skills

Plan

Involve frontline specialists in strategic planning and service design	• Resident/stakeholder relations skills; • 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	• 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	• 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	• 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

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

Commissioning Skills

DO

- **Financial management**
  - Professional financial management skills, including financial planning and forecasting, investment analysis, management accountancy and financial governance skills
  - Business-case modelling skills
  - Impact and risk assessment skills
  - Programme budgeting skills
- **Stimulate the market**
  - 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
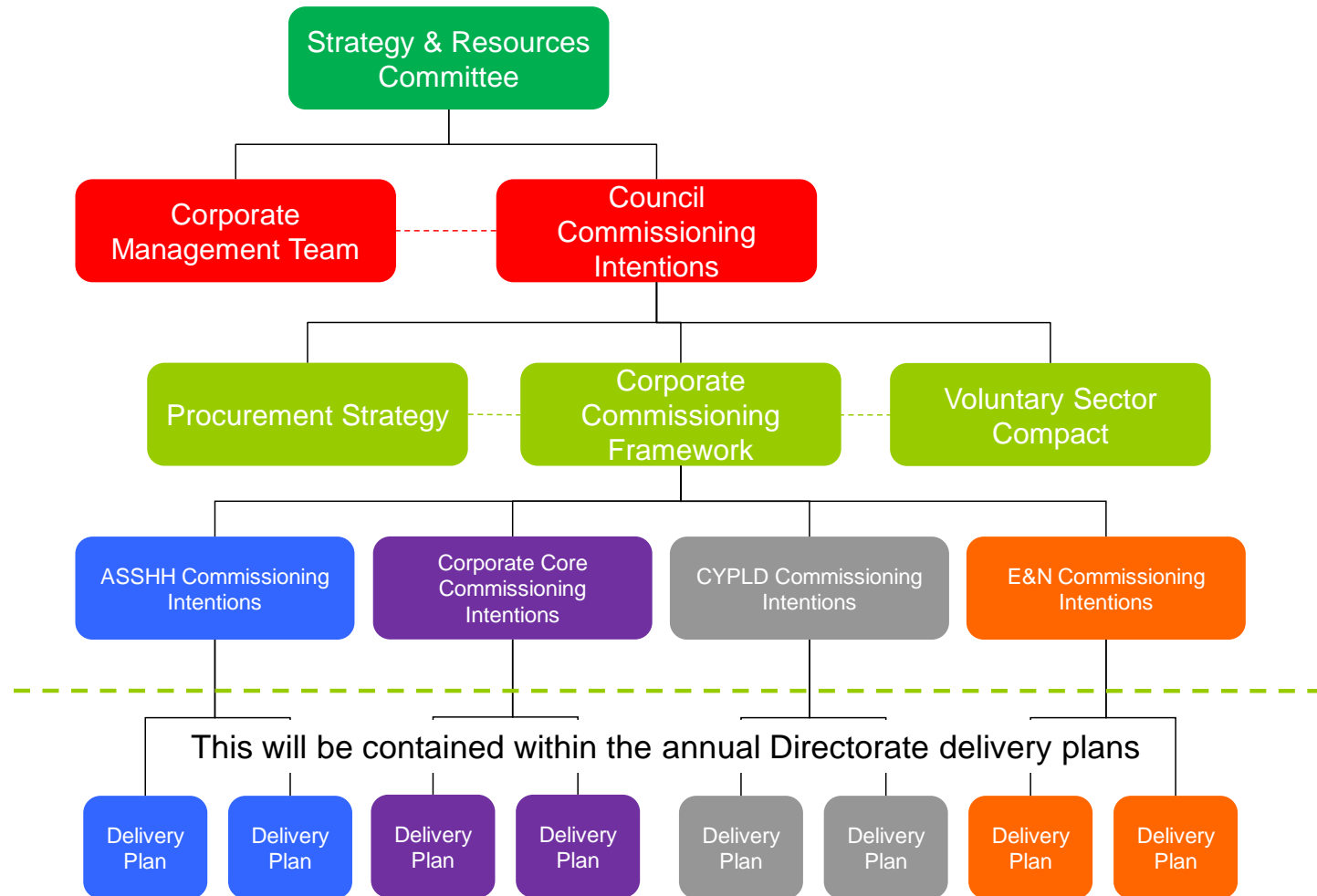 - Presentation and influencing skills

REVIEW

- **Evaluation and Continuous Improvement**
  - Stakeholder liaison skills
  - Contract management
  - Performance Management
  - Database management
  - Quality assurance
  - Accountancy; and spreadsheets
  - Presentation and influencing skills

Strategic Commissioning Governance

Strategy & Resources Committee

Corporate Management Team

Council Commissioning Intentions

Procurement Strategy

Corporate Commissioning Framework

Voluntary Sector Compact

ASSHH Commissioning Intentions

Corporate Core Commissioning Intentions

CYPLD Commissioning Intentions

E&N Commissioning Intentions

This will be contained within the annual Directorate delivery plans

Delivery Plan

Delivery Plan

Delivery Plan

Delivery Plan

Delivery Plan

Delivery Plan

Delivery Plan

Delivery Plan

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

www.sutton.gov.uk

Voluntary Sector Compact

It is anticipated that the Commissioning Framework will compliment the Sutton Compact. 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 will:

- 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;

- 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.

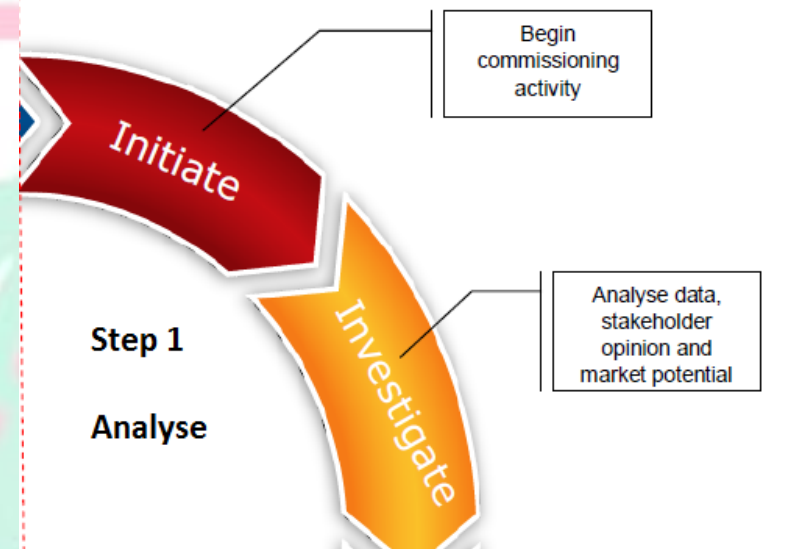# Needs Assessment – A Checklist for Commissioners

Introduction

Sutton has committed to becoming a commissioning council. Intelligent commissioning at all levels relies heavily on answering two questions:

1.   What do local people need?

2.   What should the council provide?

The Commissioning Framework helps answer those questions in a way that involves all stakeholders, results in evidenced based decisions about what services we provide, who provides them and also encourages consideration of the social or environmental value that a provider can deliver in addition to economic value.

This checklist has been put together to help commissioners and officers supporting the 'Analyse' stage of the commissioning cycle use the data available to them when undertaking the analysis stage of a commissioning cycle in order to understand the needs of the relevant population.

Initiate — Begin commissioning activity

Step 1 Analyse

Investigate — Analyse data, stakeholder opinion and market potential

Smarter commissioning requires us to look at a range of data sources, not necessarily just those directly associated with our area of work. It is worth remembering that the depth of assessment should be proportionate to the scale of the predicted commissioning activity and, sometimes, where the mandate for the commissioning is centrally driven, there may be readily available evidence that you can use rather than conduct your

Introduction

own analysis.

As we conduct Needs Assessments, we should also feed back what has been learnt to colleagues across the council via the research and intelligence hub, the Commissioners Network and the online Sutton Datastore.

https://www.sutton.gov.uk/index.aspx?articleid=15338

Aggregation of information from Needs Assessments will also be used to inform Elected Members so that they have robust information on which to base their decisions and can discuss priority areas of need with their electorate.

The checklist is based on a format for data collection and needs analysis used by the United Nations (UN) and an example of its application can be found here
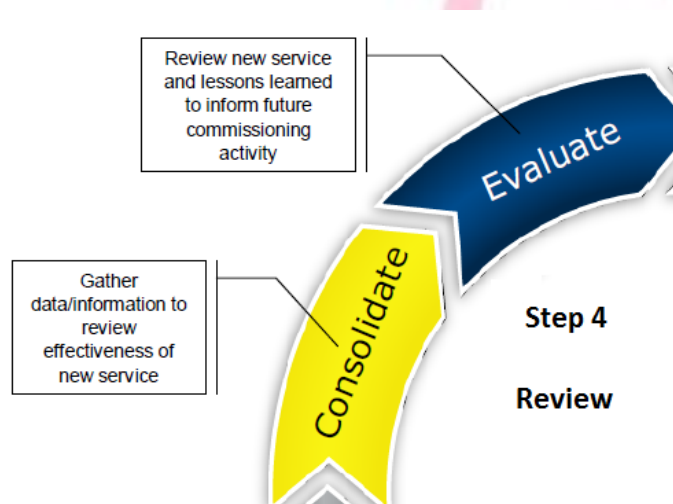
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What is a Needs Assessment?

Phases of a Needs Assessment (and when to do one)

Why do a Needs Assessment?

How long does a Needs Assessment take?

Who should do a Needs Assessment?

What is a Needs Assessment?

Assessing or analysing needs is the process of gathering data, analysing that data to generate information and then interrogating that information to produce evidence. For commissioners in councils, this means looking at local populations, their health and well-being, wealth, aspirations and other social and cultural needs. A Needs Assessment helps create a picture of an area and allows commissioners to develop strategies to ensure services are aligned to the population or, where they are not, provide a clear driver for change. Assessing need is not new to councils – in social care departments it is a familiar (and statutory) process on an individual level and, in recent years, intelligence from those individual assessments has been collated and analysed to inform future commissioning for the relevant demographic. It is also worth noting that the commercial sector uses similar.

processes when considering how to maintain or increase market share – the now common use of customer loyalty cards for supermarkets is based on understanding your customers and then tailoring offers to meet their requirements based on previous purchasing information and survey feedback.

The following table* suggests tools for use when conducting a Needs Assessment to ensure it is rounded and makes use of existing data sources where possible:

*Adapted from the Leicestershire Together Needs Analysis model - http://www.leicestershiretogether.org/index/strategy_and_delivery-2/strategic_commissioning/analyse.htm

What is a Needs Assessment?

Customer Segmentation

Whereby a population or user-base of a service is grouped around a particular characteristic, such as age, life expectancy, gender, economic activity, ethnicity or location. This approach allows commissioners to identify who its most significant segments, or groups of citizens, are, where they are located, and what the most important issues affecting them are likely to be. The findings can then be translated either into locality commissioning, if it appears a particular area has large numbers of high need, or borough-wide commissioning, if the need is more universal.

User Analysis

Takes the segmentation from above and overlays it with information from service databases and systems held by Sutton and its partners. This enriches the segmentation with a 'real time' picture of current delivery models and users bases relevant to each organisation, and can highlight where different segments are customers of more than one organisation. The advantage of this additional analysis is that it allows commissioners to focus in greater detail on who the highest need customer groups are, and even how much they currently cost partner organisations.

Citizen Engagement

May include consultation exercises, surveys, or focus groups with individuals or groups based around a particular need or requirement. The aim of this type of activity is to hear first-hand from service users and groups what the issues are that are important to them are. This can then be translated into outcomes for local public services to deliver against. Focus groups and surveys can also be tied into a customer insight approach to needs analysis, targeting exercises around a particular segment or customer group.

Provider Engagement

Where workshops or forums are held to engage those delivering a service to set out what they perceive the needs of the customers they work with to be. This type of approach has the advantage of engaging providers in the process of identifying need, as well as capturing additional wider issues or gaps in service provision that might not be visible from only engaging with citizens.

Place Information

To understand the flows of public spending across the Borough and the extent to which this is reflective of wider issues and expectations. Can also help clarify responsibility for future provision.

External Inspections/ Audits

Auditing bodies such as the Care Quality Commission and Ofsted produce a series of inspection reports for partners, identifying key issues in delivery that need to be prioritised and addressed. These findings should also be incorporated into needs analysis and future delivery planning. There is also the new system of Council Peer Reviews from which information can be drawn.

Benchmarking

With other regions, sub regions or organisations to understand whether Sutton is ahead of, or further behind other areas for key outcomes or Key Performance Indicators (KPI's).

Phases of a Needs Assessment (and when to do one)

The UN approach suggests 4 clear phases to undertaking a Needs Assessment. These have been modified to bring them into line with the Commissioning Framework that the Council has agreed:

1. Preparation – "At the end of this stage, you should know where you need to go, how and what information you will collect, as well as the training and resource requirements for the process".

2. Data Collection – "This will provide the evidence you need for your assessment. Data needs to be edited for accuracy and then stored so it can be analysed".

3. Data Analysis – "The close investigation of the data collected, "unpicking" it to see if there are important issues that needed to be looked at in more detail, or understanding why certain events happen where and when they do. Understanding this will allow you to help tailor interventions" to increase the likelihood of positive outcomes (or reduce negative ones).

4. Presentation & Planning – "Using the data and the analysis to develop objectives, prepare [commissioning proposals] and respond in a well-informed way is the ultimate objective of data collection".

These phases would normally happen within the "investigate" step of the commissioning cycle as part of the Analysis stage. Invariably it is challenging for commissioners to know which data to trust and/or use, however previous learning tells us that discussing the validity of data with other stakeholders can help clarify the nature and amount of data required to give confidence that the evidence base is sound.

Why do a Needs Assessment?

As noted earlier, being able to build and maintain an accurate picture of local need allows a council to strategically plan interventions and service delivery. The Care Services Improvement Partnership (CSIP) notes the critical relationship between commissioning and analysing need as:

A way of estimating the nature and extent of the needs of a population so that services can be planned accordingly. Therefore the purpose of undertaking a needs analysis is to help focus effort and resources where they are needed most. A robust needs analysis provides commissioning agencies with a range of information that can feed into and inform the planning stage of the commissioning cycle. (The role of needs analysis in developing a commissioning strategy, CSIP, 2005:pp.2)

In short, therefore, it is unlikely to be possible to complete a commissioning cycle without doing a Needs Assessment at some level. The more complicated issue for commissioners is in ensuring that this work is proportionate to that which is being commissioned (or decommissioned) and that the subsequent evidence is sufficient for making an appropriate decision.

How long does a Needs Assessment take?

The answer to this question will rely on the experience of the individual/team conducting the Needs Assessment and the resources available. The table below contains some important questions to consider in the 'Preparation' phase:

Issue	Reason
How much time do you have?	If you are doing this as part of a commissioning cycle, it is likely to be because the council is looking to commission or stop a service which would then have contractual/funding dependencies and a specific timescale.
What resources are available to you?	Are you doing this alone or as part of a team? If you are doing this with other people, they may have different expectations of the process. Do you have funding as this may imply specific criteria have to be met?
Skill sets	Are the people supporting you trained/trained in a similar approach and do you have the right mix of skills? Having experienced data analysts is little help if there is no one collating the data to begin with.
Approach	If you want to truly engage with stakeholders, this will consume more time initially (although may lead to a better outcome). It is quicker to use secondary data but this may not be appropriate given the council's commitment to listen to its residents.
Perceived Commissioning Impact	Although you will need to complete an Integrated Impact Assessment later in the commissioning cycle, it is usual to have a 'feel' for the impact the process will have. This will be a key consideration as it may impact how/when the assessment output is presented.
Area or Population Size	This will affect how much data is available and how accessible it might be. It could also influence how you feedback your findings once the assessment is complete.
IT Infrastructure	You need to be clear about where existing data is held, what you will use to analyse it and how you will format your findings to make them meaningful to multiple audiences.

Who should do a Needs Assessment?

Again, the answer to this question will depend on the nature of the commissioning activity being proposed. The checklist is for anyone starting out or who needs to refresh their memory. It is often the case that working with colleagues yields richer output. It should also be noted that doing a Needs Assessment is sometimes as much an 'art' as it is a 'science' and is made easier because we have access to a number of data and information sources already:

- Joint Strategic Needs Assessment (JSNA) – http://www.suttonjsna.org.uk

- Local Knowledge - http://www.localfutures.com/LocalKnowledge.aspx

- Metropolitan Police Crime Mapping - http://maps.met.police.uk/

- Sutton Datastore - https://www.sutton.gov.uk/index.aspx?articleid=15338

Market Influencing – Guidance for Commissioners

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Summary

Context

The role of Local Authorities as lead commissioners in their local areas is increasing in scale and complexity. Alongside the existing range of services that councils offer, the responsibility for public health transfers from the NHS by April 2013 and, whilst the responsibility for health care will move to Clinical Commissioning Groups (CCG's) from Primary Care Trusts, it is expected that Local Authorities, through Health & Wellbeing Boards, will lead, support and challenge CCG's to ensure the needs of local people are met. There are also fundamental drivers for commissioners that result from the current financial climate which can be broadly summarised as:

• Commissioning to reduce costs

• Commissioning to meet evidenced need rather than perceived demand

• Commissioning for personalisation – both in terms of new markets and new solutions.

In Sutton, we have agreed to a council-wide commissioning approach that asks officers, residents and stakeholders to think through what needs are we aiming to meet, what outcomes are important to the local population and how can we best meet those needs and deliver against those outcomes with reducing resources. A smarter council will commission a wider variety of provision but will also seek to assert itself as the strategic commissioning lead for the local area. In doing so, it will need to understand its whole population, the markets from which providers emerge that deliver services to that population and how that picture is changing, even where the duty to provide those services does not rest with the

Context

council. In short, councils will not "do everything" but will need to be much clearer about what needs to be done and ensuring those that should be meeting a need are doing so

Council's will also need to understand the markets where their direct buying power will enable them to leverage certain outcomes and those where their role is that of facilitator to support local people to shape future delivery.

This emerging spectrum can be loosely understood below:

Council Priorities/Strategic Commissioning Intentions		
Market Management – Universal services - where LBS is main commissioner	Market Negotiation – Universal & Targeted services - where LBS can assert its priorities to affect <u>how</u> service is delivered	Market Nudge – Targeted services - where LBS is one of a number of commissioners

Regardless of the services that the council commissions (and whether internally or externally provided) they should align to broader priorities and corporate strategy, however the 3 sections outlined suggest a subtly different approach to influencing the market depending on spending power, market maturity/competitiveness and commissioner.

The first section could be applied to waste collection where the market is driven by efficiency and profit and commissioners need to use formal arrangements to affect what the market delivers. The second is more about how a service is delivered, for example it could be a leisure service situated somewhere that has a relatively high number of older people – in that sense the commissioner could use intelligence to make a case to refocus the service offer and meet its public health obligations.

Context

Similarly this could apply to social care provision that is directly commissioned by the council but needs a negotiated approach to ensure provider insight/innovation is harnessed. The third section focuses on nudging the market, of vital importance in social care where a large majority of providers may not rely on the council for business. It will still be important for commissioners to make clear what their intelligence is suggesting but will then have to think how providers can be encouraged rather than obliged to meet local need. The sections are permeable and, over time, it may be that localism changes the relevance of each – e.g. leading to fewer instances of councils directly commissioning services

The emerging landscape, therefore, is one where services will be commissioned at a variety of spatial levels whilst accommodating significant population 'churn' (as cited by the Office for National Statistics in recent years).

This will require joint commissioning with more partners to meet a wider range of need without necessarily having sufficient resources to purchase a bespoke solution. If Local Authorities are to fulfil their commissioning obligations they will need to do 3 key things:

• Ensure partner organisations deploying services in their local areas help shape and then understand and own the strategic commissioning priorities in that area.

• Facilitate greater (and more mature) discussion with local people so that need is met rather than demand.

• Work proactively within key markets to encourage new solutions and new entrants.

Context

These activities do not rely on purchasing and contracting but on using and sharing data more effectively, engaging more meaningfully and negotiating confidently.

This toolkit focuses specifically on the third activity, that of market influencing and is aimed at officers within the council responsible for leading or supporting commissioning activity to help them ensure market capacity is increasingly informed by local need.

Context

A Department for Communities and Local Government (DCLG) report into market influencing and local government in 2006 (pp.3) stated that:

It is both a surprising and significant that local government expends around half of its revenue with suppliers (including goods, services and third party payments).

The report also found:

- Suppliers and markets are significantly influenced by policy and strategy – both positively and negatively.

- The patterns of supply and demand are highly changeable and differentiated by sector.

- Levels of competition in the supply of sector services vary enormously.

- Competition, and in turn supply chain effectiveness, is a highly contingent factor in the achievement of policy changes and associated national/local objectives.
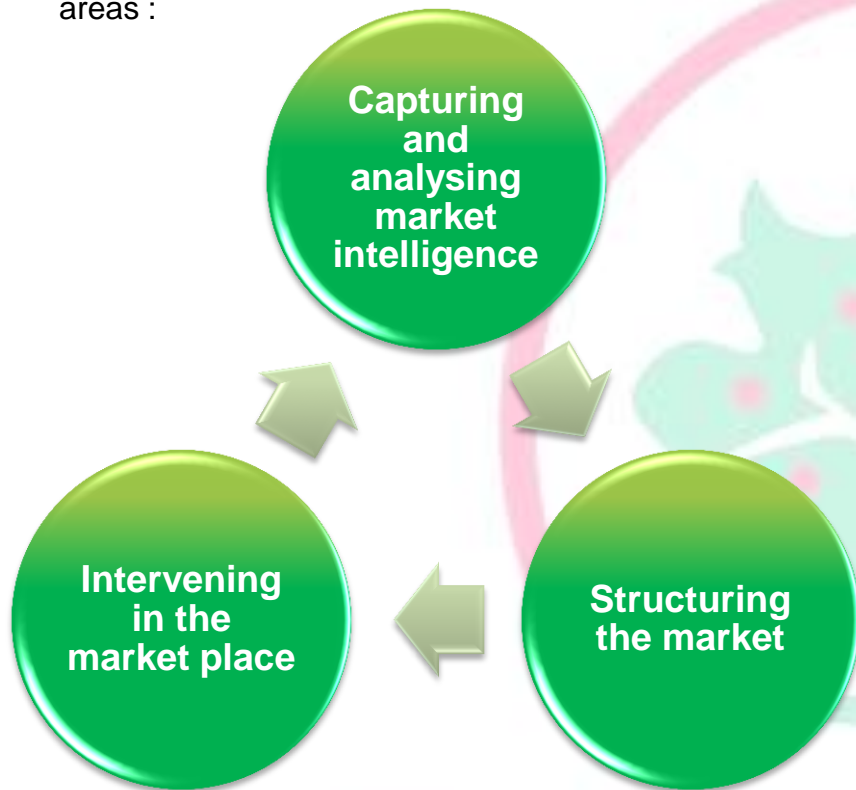
- The buying power of local government is not leveraged effectively.

- The level of attention given to markets in policy development is neither sufficient nor appropriately focused.

Despite the time that has passed since this report was published, each finding still holds true. This may suggest a failure by Local Authorities to affect appropriate change, however it also demonstrates that not only is market influencing crucial, doing it effectively will improve outcomes for local people.

Developing the local government services market to support a long-term strategy for local government (Executive Report), 2006, DCLG.

Tools

It is helpful to think of market influencing as 3 interrelated areas :

Capturing and analysing market intelligence

Intervening in the market place

Structuring the market

- Market intelligence - The development of a common and shared perspective of supply and demand, leading to an evidenced, published, market position statement for a given market.

- Market structuring - The activities designed to give the market shape and structure, where commissioner behaviour is visible and the outcomes they are trying to achieve agreed, or at least accepted.

- Market intervention - The interventions commissioners make in order to deliver the kind of market believed to be necessary for any given community.

Market Intelligence

Local Authorities are reviewing how they collect, store and analyse data as they already collect large amounts but do not always use it to understand the markets they operate in. Below is an adapted model originally developed by The Institute of Public Care (IPC) for understanding the value of market intelligence to different stakeholders:

Local Authorities need to know:	Service user/public need to know:	Providers need to know:
• Who provides what, where and at what price? • What is the perceived quality of services provided? • What is the relationship between activity, outcome and cost? • What are the financial and business challenges facing different services and what are the key factors influencing success and viability? • What do providers know about demand and how can this information best be used?	• Who provides what, where and at what price? • Are there good reviews (from a number of sources including other users) of the quality of service provision? • How can I get involved to ensure that the services that are available locally meet my aspirations for the future? • What is meant by choice and control – and what choices might I have available to me in terms of choice of service, delivery or worker?	• What does future demand look like and how reliable is this projection? • What is the future balance of the market likely to be between self-funders, personal budget holders and those where the local authority intervenes more directly? • What are consumers saying about current services and their aspirations for the future? • Will there be consistency by the local authority towards price and support? What will the attitude be to transaction costs?

Market Intelligence

Local Authorities need to know:	Service user/public need to know:	Providers need to know:
• What does an overall model of good practice look like and what would it cost to achieve? How close/far away is existing provision from that model? • What are the key drivers behind demand and how can these be stopped, lessened or deferred? • What are people saying about current services and their priorities for the future and what approaches are successful in enabling people with support needs to drive changes in the market?	• What choices have other people made and how successful have they been in meeting their outcomes (including direct feedback from other users)? • How flexible is the service I am being offered and does my choice of purchase/payment mechanism affect this? • Do I have to pay for it all or is it subsidised/ discounted?	• Will the local authority be clear about what it considers to be a reasonable margin of profit? • What will the attitude of planning authorities be to the development of new facilities? • Will the local authority support or incentivise innovation, and at what price? • Does the local authority plan changes in its tendering processes or specification requirements that will promote or support change? • Will the local authority incentivise diversification or start-up, for example through training, secondment of personnel, or provision of back office services? • Will the local authority incentivise quality, how, and at what price?

• **What will the impact be of the Public Services (Social Value) Act, 2012 which requires "public authorities to have regard to economic, social and environmental well-being in connection with public services contracts; and for connected purposes".**

Market Intelligence

Commissioners, therefore, have a critical role in ensuring that Local Authorities know what they need to know but that the two other key stakeholders highlighted also have sufficient information. A good first step would be to work with those stakeholders to agree that the content of this table does, indeed, cover their requirements. Once stakeholders have agreed how market intelligence benefits them, it is helpful to think about how this intelligence is currently collected, analysed and then used.
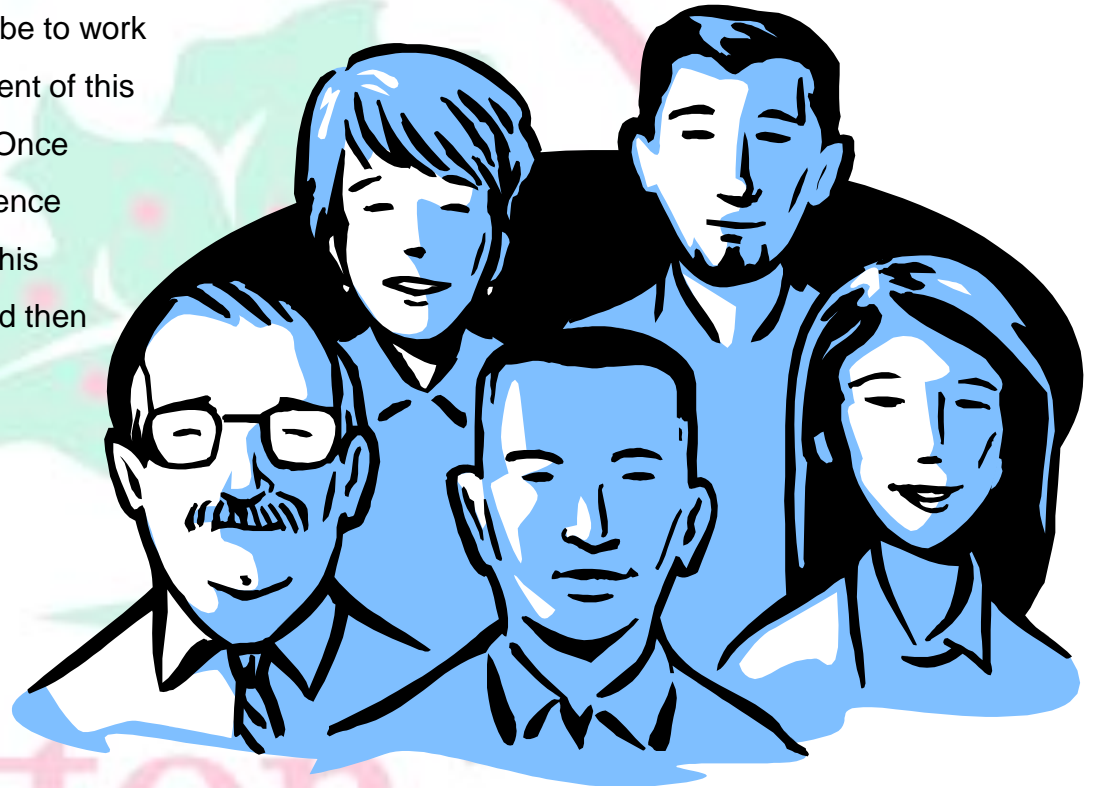
Gathering Market Intelligence

A health and social care partnership in the West Midlands proposed the following framework:

Principles and Objectives
Market intelligence is held in a variety of locations, with no single organisation holding the totality of intelligence that exists. Intelligence should be gathered on an ongoing basis. The objective at this stage is to collect, collate and codify the intelligence so that the source information can be easily accessed for analysis.

Information Needed (Inputs)	Information Produced (Outputs)
An assessment of current intelligence sufficiency	Indexed record of the market intelligence held
Community Intelligence – who is playing an active part in the market? Where are they? What do they offer? Who do they serve?	Intelligence Library
	Market Map
System Intelligence – what do our collective systems and review records tell us about the market? What are the critical relationships and dependencies within the market?	Leads to next stage in the cycle (analysis of market intelligence)
Predictive Intelligence – what is our view of future demand and supply? What are the likely future changes that will impact on the market?	
Personal Intelligence – what do our interactions with people who use services tell us? And with Providers? What formal and informal engagement mechanisms exist?	

Gathering Market Intelligence

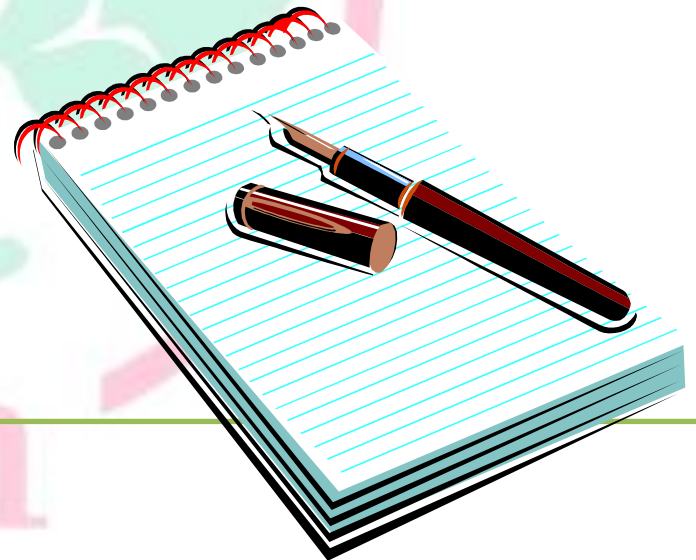| Hints & Tips	Checkpoint Decisions & Success Criteria
Community Intelligence – Who uses services and what support do they have? Who provides services and what support do they have? Who facilitates the market? What do these groups have to say?	Have the information outputs been produced?
	Does the intelligence library include community, system, predictive and personal intelligence?
System Intelligence – What access do you have to directories that include information about community-based providers. Are there other sources of data/information that can be aggregated to build a picture of demand. Don't forget that Provider systems and records are a source of intelligence too!	Have we engaged adequately with providers and people who use services in order to build the intelligence library?
	Do we have sufficient intelligence to move onto the next stage - analysis?
Predictive Intelligence – Population and demographic forecasts (MORI & Tracker Survey data); economic forecasts & trends; local investment priorities (JSNA, commissioning plans and strategies etc); Provider business plans.	
Personal Intelligence – Review and overhaul engagement approaches; develop links with potential customers; review complaints & compliments; review quality ratings where available.	
Good engagement with providers and people who use care services is essential.	

Analysing Market Intelligence

Principles and Objectives	
The starting point for change in the market is a higher level of knowledge for all key stakeholders about the factors that influence supply and demand. The objective of this stage is to produce an analysis of the market that is capable of increasing knowledge and facilitating change.	
Information Needed (Inputs) Indexed record of the market intelligence held Intelligence Library Market Map	**Information Produced (Outputs)** Market Position Statement (MPS) Leads to next stage in the cycle (using market intelligence)
Hints & Tips The MPS should be a short 'executive summary' market facing analysis, containing information that the LA believes would be of benefit to providers and lead to better outcomes for people who use services. Avoid the temptation to include all of the evidence within the MPS – if necessary this can be presented as a technical appendix to the MPS. The MPS should identify the needs of different service user groups and communities including the role and importance of wider public services (community safety, health etc). The MPS should present an honest appraisal of the current size, shape and performance of the market and the changes (quality, service standards, innovation) it wishes to encourage. The MPS should set out the LA's intentions towards the market (e.g. targeted support & intervention, decommissioning of in-house provision, resourcing etc).	**Checkpoint Decisions & Success Criteria** Has a range of stakeholders been appropriately consulted over the development of the MPS? Does the MPS adequately address the needs of different user groups and communities? Is the MPS consistent with (for example) the JSNA and local Commissioning Plans & Strategies? Is the analysis supported by and reflective of the evidence base? Are the LA's intentions clearly and accurately set out? Does the MPS make clear what actions are required of the market? Will the MPS allow the public to hold the LA accountable for delivery? The MPS is a strategically important document -formal approval is required.

Using Market Intelligence

Principles & Objectives

Whilst many stakeholders will have contributed intelligence for the MPS, and some will have been involved in its development, most will be unaware of its detail and its potential to impact their operations. Producing a MPS provides Local Authorities with a basis for productive engagement and co-production of the desired market conditions. The objective of this stage is to make productive use of the MPS so as to increase knowledge and facilitate change.

Information Needed (Inputs)	Information Produced (Outputs)
Market Position Statement	Local Communications materials and events
	Market Intervention Plan
	Statement of Expected Outcomes
	Benefits Management Plan
	Leads to next stage in the cycle (reviewing market intelligence)

Using Market Intelligence

Hints & Tips

The MPS should be widely distributed, with its publication supported by launch materials and engagement events. This is an opportunity to explain the thinking that has gone into the MPS, to answer questions and address concerns. It should represent a 'call to action' whilst at the same time reinforcing the LA's commitment to co-production.

Use engagement workshops to explore options and prioritise interventions. Co-produce a Market Intervention Plan to reflect agreed priorities and responsibilities.

Be clear about the outcomes that your planned intervention will lead to – these should reflect the councils commissioning intentions and community priorities. If interventions don't support the delivery of these outcomes then they probably shouldn't be given priority!

Remember that delivering benefit requires ongoing effort and dedicated ownership. The benefits arising from market shaping will accrue to a number of parties and this adds a degree of complexity, making it even more crucial that an appropriate approach is adopted.

Checkpoint Decisions & Success Criteria

Has the MPS been approved?

Do local communications materials reflect the key messages we wish to deliver?

If a launch event is planned, have we invited relevant key stakeholders? Keynote speakers (including contributions from service users and providers)?

Does the Market Intervention Plan reflect shared priorities? Is it deliverable? Are stakeholders committed to (and capable of) taking the actions required? Is it adequately resourced?

Do the expected outcomes map onto the councils commissioning intentions and community priorities?

Is there a clear and actionable benefits management approach? Do the planned benefits justify the intervention?

Reviewing Market Intelligence

Principles & Objectives

Market intelligence is dynamic and constantly changing. The MPS presents a 'snapshot' analysis of the intelligence held at a point in time and whilst 'reviews' should be encouraged throughout the cycle, a formal process stage is required to periodically review the available intelligence in order to inform an updated analysis. The objective of this stage is to test the robustness of the intelligence held and, if necessary, to instigate further gathering of intelligence in preparation for the updated MPS.

Information Needed (Inputs)	Information Produced (Outputs)
Indexed record of the market intelligence held	Intelligence Sufficiency Assessment
Intelligence Library	Leads to next stage in the cycle (gathering market intelligence)
Market Map	
Market Position Statement	
Market Intervention Plan	
Statement of Expected Outcomes	
Benefits Management Reviews	

Reviewing Market Intelligence

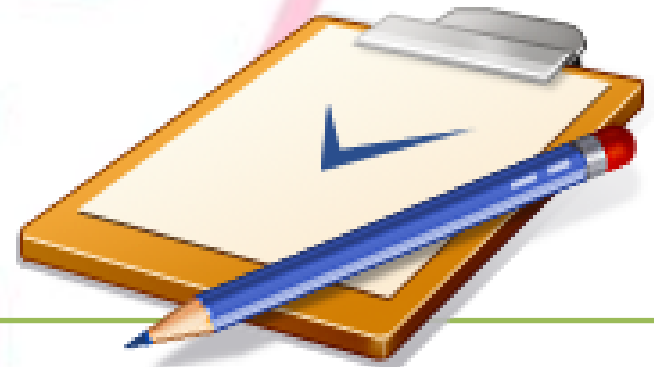| Hints & Tips	Checkpoint Decisions & Success Criteria
Review the Intelligence Library to identify any gaps in intelligence. Use the record of intelligence held to flag any gaps.	Does the existing MPS reflect any new intelligence gathered since it was produced?
Check that the intelligence library has been updated since the previous MPS was produced, and that source intelligence remains reliable (for example, old surveys may not reflect current experiences).	Have any new intelligence requirements been identified (for example, during the course of Benefit Management Reviews)? Has the required intelligence been collected and made available?
The Market Intervention Plan and Statement of Expected Outcomes should be checked to see whether new intelligence is required.	Are there any critical gaps in intelligence that must be plugged before the next MPS is produced? Does the Intelligence Sufficiency Assessment make clear and prioritised recommendations?
Benefits reviews may identify a need for further intelligence.	
The Intelligence Sufficiency Assessment should be used to request that further intelligence be gathered or updated.	
The Intelligence Sufficiency Assessment should be prioritised to identify 'critical gaps' (which must be plugged before the next iteration of the MPS) and 'aspirations' (setting out recommendations for enhancing the intelligence base for the future).	
Annual review of MPS as a basis for recasting the Market Intervention Plan	

Market Position Statements

Thorough guidance (including examples) for developing a Market Position Statement is noted on pp.5 of this document, however, in summary:

The MPS should:

- Cover the whole provider market, not just that part which the local authority currently funds.

- Indicate how the local authority intends to behave towards the market in the future.

- Be a brief and analytical rather than descriptive document.

- Be evidence-informed, in that each statement it makes has a rationale that underpins it, based on population estimates, market surveys, research etc.

- Take into account and (as relevant to the user group/community) consider the role of the wider public sector - for example community safety, health services etc.

- Draw on commissioning strategies, the JSNA, policy reviews, inspection reports etc., but differ from these documents by virtue of its brevity and readability, and the fact it is a document designed solely to inform and facilitate a specific market. It is a document that is essentially addressed to providers and citizens (current and potential customers).

The content of the MPS should convey clear messages for providers about:

- The direction of travel

- Future demand

- Current supply, identifying strengths and weaknesses.

- Models of practice

- Future resourcing

- Support for choice, innovation and development

In the IPC guidance, there are further suggestions for activities that can be undertaken to help structure markets, however the key to doing this successfully is to be clear about which markets you are operating in, how mature they are, what the barriers to entry may be and what methods are open to you to engage proactively in order to create a future state

Market Intelligence – Case Study

Adult Social Services Housing & Health (ASSHH) have developed their MPS and you can see it here:

https://www.sutton.gov.uk/CHttpHandler.ashx?id=18447&p=0

As we develop as a smarter council, it will be important that all Directorates develop something similar in consultation with their stakeholders, however it is also worth noting that the ASSHH MPS outlines input required from a number of council services in order to achieve its specific commissioning intentions.

Market Structuring

If one accepts that a healthy market is a competitive one, it is worth bearing in mind what facilitates effective competition before thinking about what may be needed to structure specific markets to meet local need :

1.Strategic market management: Most supply markets in local government can be positively influenced by policy. But it requires a strategic perspective to be effective, which in turn, suggests local and central government policy-makers need to work together to actively manage markets.

2.Effective commissioning and procurement arrangements: Rules-based contracting, elaborate processes and the consequent high bid costs are unlikely to positively affect outcomes.

3.Low entry and exit barriers: Productivity improvements depend on the cycle of entry and exit and whilst some barriers will be necessary, local authorities should consciously assess where barriers are truly needed for the furtherance of priority objectives.

4.Competitive neutrality: There needs to be a level playing field for all types of provider, including across the private, in-house and third sectors.

5.Cultural and political issues: These are often most significant. Within a market all the conditions set out above may be present but cultural and political factors could impact and influence what happens in practice.

Dialogue with providers about their experiences of local markets against these critical areas will give rich intelligence. It should also crystallise the current market structure and may suggest areas for future intervention.

Market Structuring

Using market intelligence is then a key way of structuring the market – particularly via the creation of a Market Position Statement (MPS), however there are other useful exercises that can be carried out beforehand that may add value. Understanding more about the capacity of the markets in which a Local Authority operates and then thinking about how this may need to change can be done using a two stage process:

1 – Understanding the 'as is '
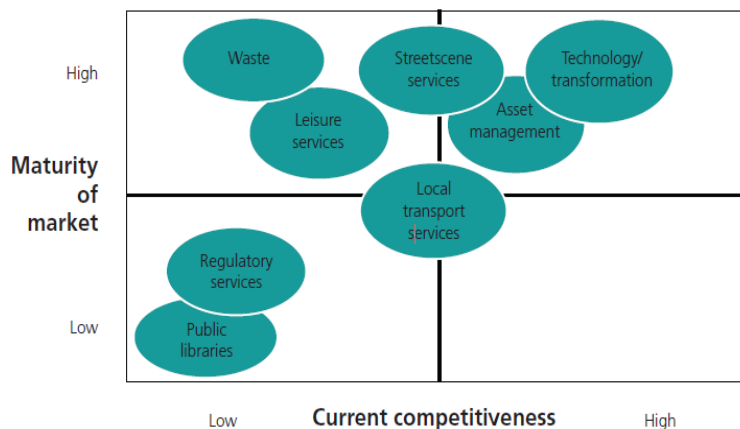
2 – Defining the 'to be'
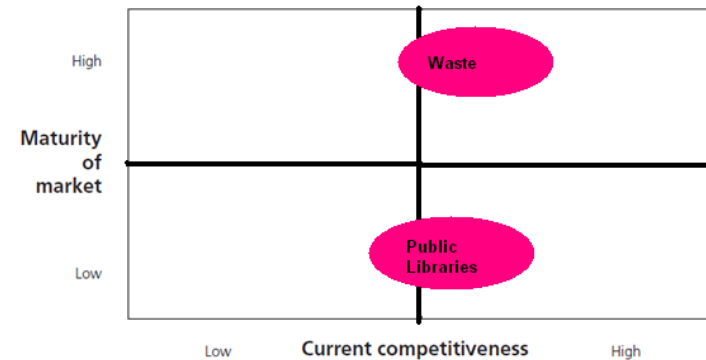
In this example, the Local Authority has decided that there are two specific markets that it wants to focus on. It may be that, because there is a mature and diverse market for waste collection, competitiveness can be increased in order to stimulate new entrants into the market and potentially reduce costs. In the case of Public Libraries, the Authority in this example has

Market Structuring

decided that although the market is not used to competition, it is strategically appropriate to create a market structure that allows for community groups and social enterprises to enter the market in order to stimulate innovation. In both cases, the Authority will need to consider its facilitation role carefully (and based on market intelligence), however it can be assertive in helping to shape key markets in order to improve outcomes for its residents.

Another way to help structure or shape the market is to produce and publish high-level commissioning intentions. These should be outcome focused and deliverable over the medium to long term in order that providers have time to understand the journey of travel and respond appropriately. Again, using shared market intelligence, commissioners, users and providers will better understand each others perspectives when trying to develop the marketplace.

The Office of Government Commerce (2009) published the Guide to Effective Market Shaping (GEMS). The documents (pp.2) states that:

GEMS will be particularly useful to strategic business decision makers in a position to take and influence a whole market perspective, engage suppliers and procurers and work with them. Suppliers will also gain an understanding of how they too can make the market work more effectively for their public sector customers.

The GEMS approach is a strategic tool which may identify specific market intervention and if you wish to follow the approach, you can access the guide here.

Market Structuring – Case Study

The Department of Communities & Local Government's Troubled Families Programme is designed to offer targeted support to those families with intransigent problems, complex needs and high consumption of service provision. The Programme itself requires councils to do a number of things, one of which is being clear with local providers that, as the lead commissioner in their local area, they expect the market to be able to meet the needs of such families where, historically, they have been passed from one organisation to another with few enduring resolutions. In Sutton we are fortunate that a number of providers already work successfully on this issue and you can see more about how a workshop hosted by Sutton Housing Partnership was used to continue local discussions and make clear what the council and its partners think an appropriate response from the market should be:

http://www.suttonhousingpartnership.org.uk/NewsAndEvents/NewsArticles/2012/May/Local-Partners-Focus-on-Families.aspx

Market Intervention

As noted earlier, market interventions are the specific actions commissioners take to develop identified markets so that they best serve a local community. At a national level, the Coalition is trying to structure a market that enables more SME's and Social Enterprises to compete for public sector contracts . Sutton has put in place a number of interventions to try and support this agenda by establishing a local Social Enterprise Network, creating a 'one-stop shop' within the Business Development & Regulatory Service to give advice to SME's and Social Entrepreneurs and is now putting together an offer for organisations of this nature who want to trade locally.

Other examples of recent market intervention in Sutton are:

- The increasing use of outcome based specifications when commissioning social care services to encourage innovation from providers.

- The launch of the Opportunity Sutton programme of interventions to attract investment and unlock economic growth within the Borough.

- Continuing refinement of the commissioning process to ensure that it acknowledges economic, environmental and social value and demonstrates the Local Authorities commitment to smarter commissioning

- A recent review of the existing procurement process to further remove barriers to SME's, Social Enterprise and the voluntary sector.

Market Intervention – Case Study

In ASSHH, new approaches to commissioning have led to the development of a Prevention Prospectus that focuses on outcomes and replaces a traditional service specification. Below is an example of how the commissioning cycle was used flexibly to deliver prevention services differently:

On going discussions between providers and commissioners will take place during the year to ensure the outcomes are the right outcomes and they are being delivered.

Driven by national agenda and more outcome focused approach in social care commissioning.

Contract monitoring process begins and delivery against outcomes is measured. Payments by results is assessed on an annually based on performance agreed within the contract.

Examined good practice in other areas, spoke to colleagues and had initial discussions with the market to understand appetite for radical approach.

Work with voluntary groups to test proposed outcomes and adapt proposed method for commissioning new services.

Services go live and a period of transition begins where commissioners and providers work in partnership to deliver services in a new way.

Invitations for submissions published. Reponses returned and evaluated, including service user feedback for specific areas of evaluation. Successful providers chosen. Performance monitoring arrangements agreed including payments by results.

Drafted and consulted on outcomes based prospectus for prevention services. Preparation for procurement begins.

Evaluate · Initiate · Investigate · Collaborate · Incubate · Negotiate · Activate · Consolidate

Review · Analyse · Do · Plan

Micro Commissioning

The examples above have concentrated on how commissioners can influence existing markets to help deliver positive outcomes for residents and local communities. Over time we are also seeing a shift towards people and communities commissioning their own services (either with the support of Social Workers where there is an assessed need or through mechanisms like Participatory Budgeting). There is some evidence that the dynamic between provider and consumer is changing – the theory being that markets will listen more closely to consumers if they have the purchasing power rather than have money spent on their behalf by public sector bodies. This should, in turn, lead to a greater plurality of choice and, potentially, new entrants into traditionally closed markets.

For councils, micro commissioning represents a different challenge as their role in the short term will be to ensure markets are developing whilst retaining responsibility for needs being met. In the longer term, the role appears to be one of providing flexible and proportionate commissioning support to residents and communities through a robust framework that allows people to lead the commissioning cycle themselves whilst protecting the council. This then leads to interesting questions about access to meaningful intelligence on which to base decisions, consideration amongst citizen commissioners over how to meet the needs of others as well as themselves and what will happen if the individual's perception of success is markedly different from the councils. A key commissioning activity, therefore, is in preparing both the market and residents for this changing landscape.

Summary

Market Influencing will become an ever more important area for Local Authorities. They will need to take the lead in ensuring all stakeholders have access to, and are acting upon, good market intelligence so that local need is met. Market Influencing will increasingly depend on this ability to lead and will:

Involve developing better knowledge about local markets, building more collaborative relationships with providers, developing a range of flexible arrangements for securing services and establishing more effective mechanisms for local engagement. (Practical approaches to market and provider development, 2010:pp.29)

References

Contents

Key related Documents

Commissioning Myth Busting

Acknowledgements

Key Related Documents

Document Name	Location
London Borough of Sutton Procurement Strategy 2011-2015	(TBC)
Sutton 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
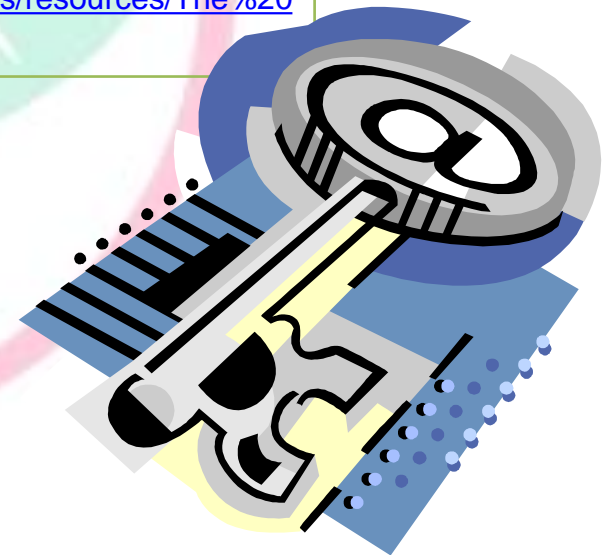
Commissioning – Myth Busting

After feedback from across the council and its partners, this short document has been written to help dispel some of the myths around the council's approach to commissioning. It supplements the newly agreed Commissioning Framework and has been agreed by the Strategic Commissioning Project Board.

Myth	Reality
Commissioning council's outsource everything.	This is not what we mean by a commissioning council. Members have been very clear that, in Sutton, commissioning is a process for arriving at a decision. Sometimes the decision may mean services remain in-house and sometimes they may be delivered by an external provider. As an example, our day centres for adults with learning disabilities were re-commissioned a few years ago, some people now receive support provided by organisations from the voluntary and independent sector as a result and some people access a service at the Inclusion Centre which is an in-house service. There are also people that receive a mixture of provision too. Going through a commissioning process may end up with a service stopping (known as decommissioning). The commissioning process does not predetermine the outcome; it gives officers and Members the evidence on which to base a decision.
Outsourcing is just another word for privatisation.	This is not true. We already have a number of services that have been outsourced to voluntary or community groups. They are not-for-profit organisations and are not private sector organisations with shareholders that expect an annual dividend. We are also looking at commissioning services from businesses that specifically reinvest surplus money, rather than reward shareholders, such as social enterprises and social firms.

Commissioning – Myth Busting

Myth	Reality
Who is a commissioner then?	Many people within the council are commissioners as they are the ones responsible for taking decisions about the deployment of resources to meet need. This includes our Elected Members. There are also a number of people who provide commissioning support i.e. those providing specific technical advice at certain stages of the commissioning cycle (procurement officers or data analysts) or someone who supports the whole process (a project manager). There are also people who directly provide services but sometimes even they commission additional services as part of their role.
Where can I find out more about commissioning?	You can read the Commissioning Framework (link above) if you like but it is quite detailed so you may want to start by looking through the information on our website: www.sutton.gov.uk/strategiccommissioning There will be an e-learning module on here soon too to help people understand the commissioning cycle and what they might contribute to it. You can also find out about the Strategic Commissioning Project under the Smarter Council Programme by checking the intranet: http://intranet/index.aspx?articleid=16297 Sutton has a lively Commissioners Network which you can join to discuss the topic and what the council is doing in this area. It meets every two months and is open to officers from any Directorate: https://www.sutton.gov.uk/index.aspx?articleid=16282 As part of the People Plan there will also be training specifically on commissioning and specific types of commissioning support. Speak to your HR Business Partner for more information.

Commissioning – Myth Busting

Myth	Reality
Commissioning is just another word for procurement.	It is an easy mistake to make as the two processes are related however the glossary in the [Commissioning Framework](#) will help you understand. In summary, commissioning is a cyclical process to identify and then meet need (which includes evaluating the effectiveness of this) and procurement is an important part of this cycle where it may require a service or 'good' to be purchased.
Commissioning is about cuts.	It is unfortunate that commissioning has become synonymous with budget cuts. Simply put commissioning is a process for helping understand a problem and then tackle it. We have done commissioning (and often done it very well) across parts of the council for many years before the recession. Obviously commissioners are aware of commissioning with reduced budgets but actually it is a process that should help achieve the best outcomes with the resources available rather than one which sees cuts as an end in itself.
Commissioning is the latest fad (and it's all too complicated).	Commissioning is not a new idea and we have been doing it in different parts of the council for a long time. It is a process that helps get value for money and deliver good services. If you do think it is complicated, there will be an e-learning module on the website to help you find out more but, as noted earlier, it is a process for understanding and meeting need which makes sure we check that what happened was effective.
Is that it?	No – we recognise that commissioning can be a confusing and complex concept. There is nothing wrong in asking for help. If you do want to talk about the council's approach to commissioning, come along to the Network and see who is there from your Directorate that has experience in your area. Alternatively you can contact [Tom Alexander](#) who is the project manager for Strategic Commissioning.

Acknowledgements

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