



Agenda item:

[No.]

Cabinet

On 23rd March 2010

Report Title: Strategic Commissioning Policy

Report of Niall Bolger, Director of Urban Environment

Signed :

NPB 8th March 2010.

Contact Officer : Niall Bolger, 020 8489 4523

Wards(s) affected: All

Report for: Key decision

1. Purpose of the report

- 1.1. This paper sets out a proposed Strategic Commissioning Policy for the London Borough of Haringey.
- 1.2. Strategic Commissioning is the process, system and means by which the Council secures its overall policy goal of long-term, sustainable outcomes that meet the needs of our diverse customers and communities whilst providing excellent value for money.

2. Introduction by Cabinet Member (if necessary)

- 2.1 The report is vital as it sets out a comprehensive frame work which will guide the Council's approach to commissioning. Clearly as the Council will face considerable financial constraints during the coming years our ability to effectively commission in a manner which meets our strategic objectives will be critical to the overall success of the Council.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

- 3.1 This policy will underpin the delivery of the vision for LB Haringey – 'A Council we are all proud of – Delivering high quality, cost effective services'.

- 3.2 It also underpins the Haringey Strategic Partnership vision of 'A place for diverse communities that people are proud to belong to' where people are truly at the heart of change.
- 3.3 The policy will support the delivery of all of the Council's priorities, which support the outcomes expressed in the Sustainable Community Strategy.

4. Recommendations

- 4.1 Cabinet is recommended to adopt this policy and to agree the approach to its implementation outlined in Section 7.

5. Reason for recommendation(s)

- 5.1 There are a number of imperatives driving this approach, including;

- The need to improve services in a period of fundamental change
- Reducing costs in a period of unparalleled resource constraints
- The evaluation of services to ensure they are understood from the user's perspective
- Strategic Commissioning will form a fundamental part of the direction of travel for LB Haringey. This will require an evolutionary approach to the Strategic Commissioning Policy in terms of governance and delivery. The implementation of the policy will link closely with the emerging proposals from the Support Functions Review on how the shape of the organisation must change to better support the delivery of excellent services.

- 5.2 The policy proposed in this paper is firmly based on strong public sector values. It provides an approach to ensuring that the residents and businesses of Haringey receive better public services which are grounded in recycling resources in the local economy. The focus will always be on maximising positive outcomes in terms of public benefit, rather than approaches that are based on narrow outputs. However, the Council recognises that services must be at a price that people wish to pay (whether through their contribution as Council Tax or by direct payment) and our commissioning intentions are premised on the fact that we need to manage within constrained resources - we will seek to reduce costs wherever possible in line with our communities' priorities in order to secure continuous attention to the value for money of the services we provide for our residents. This is particularly important given recent events in global financial markets and the adverse impacts this has had on the national public finances.

- 5.3 Whilst ensuring a continued focus on positive outcomes, public services must be prepared to take evidence based, pragmatic and innovative approaches to the way services are delivered. This will lead to the greater involvement of citizens and the third and fourth sectors in the development and delivery of service models. There are clearly a range of options for service design and delivery, which does not necessarily mean that the Council will provide them directly.

6. Other options considered

- 6.1 The development of a Strategic Commissioning Policy reflects the necessity to respond to the changing pressures and context in which the Council works by reviewing the way in which it commissions its services. It has therefore not been appropriate to consider other options.

7. Summary

- 7.1 There is a strong legislative and national policy context around strategic commissioning. Further to legislation around procurement (best value and well-being) and joint commissioning, The CLG statutory guidance '*Creating strong, safe, prosperous communities*' (July 2008) sets out the Government's view of the strategic commissioning role of local authorities: "*Local authorities will generally be better able to meet their best value duty by adopting a commissioning role. A commissioning role is one in which the authority seeks to secure the best outcomes for their local communities by making use of all available resources – without regard for whether services are provided in-house, externally or through various forms of partnership.*" Aligned with this, an organisation's approach to strategic commissioning is a focus for an organisation's Use of Resources scores as well as the Comprehensive Area Assessment (CAA).
- 7.2 Haringey Council is committed to delivering cost-effective, high performing services to all sections of the community. The Council's gross revenue expenditure each year across all services is £856m. The impact of this spending on the lives of our residents is manifold. Some of our services are very visible, others are less so. Our aims are to ensure that our services are well designed and make a contribution to Haringey's sustainable development, are locally relevant and in line with our Sustainable Community Strategy and the Council Plan.
- 7.3 Importantly, other public authorities and agencies also spend money in Haringey for the benefit of residents and businesses. Our intention is that we should seek to meld our expenditure more closely to ensure that we are not overlapping or duplicating our effort. This understanding of how partners use their resources will be a key criteria in assessing models of service delivery. Initially, governance may still sit with individual agencies, however, over time as the approach to commissioning develops, and the shape of the organisations engaged in commissioning changes, the role of the Haringey Strategic Partnership will become crucial.
- 7.4 The Council recognises that the long-term sustainable development of Haringey requires us to work in partnership with others to improve not only the physical environment, but the social and economic capital of our communities. To do this, we will need to work in mature and mutually beneficial relationships with national and regional bodies, the private sector and local communities to bring forward the physical and social development of the Borough. This also requires the development of social capital and social enablement within our communities to create the conditions for people to be actively in control of their own lives, have the skills to make their own decisions and to take responsibility for their own 'self help' and their community's civic life. This will also enable us to move 'upstream' to tackle problems before they become critical (e.g. social care, environmental stewardship).

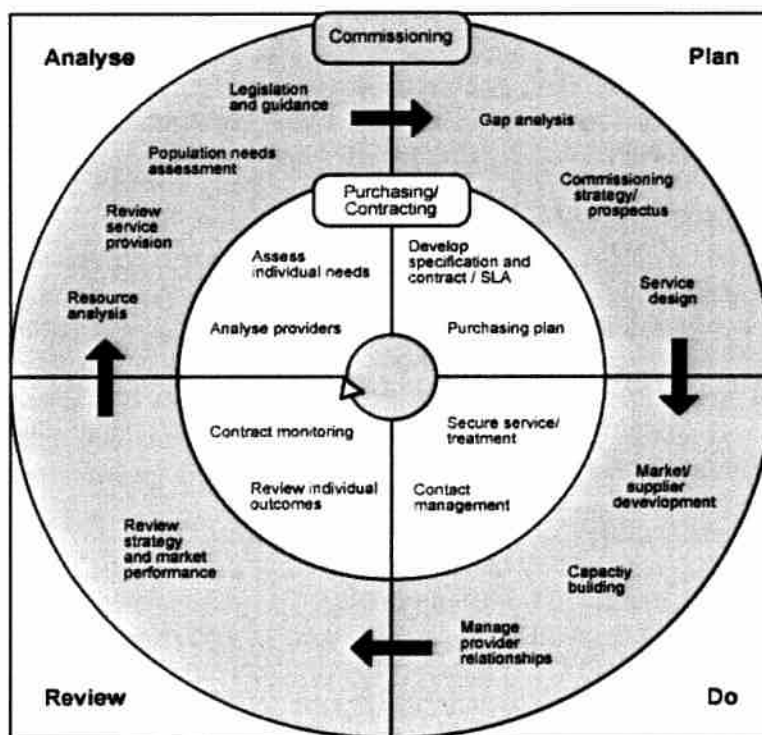
7.5 The approach set out in this paper is designed to complement, and support the development of, the current commissioning arrangements within Adults and Children's Social Care. The respective assessment frameworks employed by the Care Quality Commission and Ofsted place an ever increasing focus on how a social care authority uses commissioning arrangements to deliver better outcomes for service users. The development of a strategic commissioning policy and approach for the Council will ensure that we learn from current arrangements within Adults and Children's Services as well as supporting their further improvement.

Our Strategic Commissioning Policy

7.6 We envisage an end-to-end process which ensures a continual thread that translates this vision into a range of internally and externally delivered services with robust performance-managed delivery, evaluation and review.

7.7 Driving the process will be the belief that innovative practice will lead to improvements in effectiveness and efficiency within a context of financial austerity. In developing proposals for commissioning, we will be concerned to ensure the realisation of the greatest value for money gain for the Council and our citizens.

7.8 The following is a standard model of commissioning (currently used by the HSP) based on the tenets of Analyse, Plan, Do, Review to deliver desired outcomes. A summary of this model is provided below.



- Assessing the needs of people and communities and identifying gaps – **Analyse**
- Specify what is required and develop ways to meet need with the available resources–

Plan

- Influencing the market and secure the required services – **Do**
- Monitoring and reviewing the impact of services and learning for the future commissioning cycles – **Review**¹.

This model will underpin our approach to commissioning and informs the step-by-step process for commissioning outlined in Appendix 1.

Key Policy Principles

7.9 As well as the model above, the following key principles should be applied in developing commissioning approaches:

7.9.1 **Efficient and effective** delivery of services - we will commission user-focused, outcome based services that include the views and knowledge of our customers, the legal requirements for services and consider the minimum costs for these services which represent the price that our customers are willing to pay.

7.9.2 We will **understand**, and be **clear** on, the **local needs** of the community by undertaking needs assessments and consultation to provide a better evidence base.

7.9.3 We will **explore, understand and develop** the capacity of the market to deliver services to ensure optimum choice, competitiveness and flexibility.

7.9.4 We will support the **development of capacity** in the third and fourth sectors to be able to deliver services as well as **involving** providers in the design of services.

7.9.5 Ensure that **individualisation, personalisation and choice** become well embedded in all our services.

7.9.6 We will use the commissioning process to **incentivise** the delivery of greater innovation, quality and productivity, such as incentives for providers and citizens to share responsibility and pool budgets and wider resources.

7.9.7 The principle of universal service provision will remain at the heart of what we do, however, we will tailor our services to the **needs of different** neighbourhoods where this is both feasible and desirable and does not incur excessive cost - Haringey is home to a wide range of people from diverse backgrounds, a mosaic of neighbourhoods, communities and localities that have differing needs. We will ensure that we reflect this diversity in undertaking our commissioning, whilst ensuring fairness, equity and equality of opportunity in everything we do.

7.9.8 We will **collaborate** with other public agencies in London to realise tangible benefits for our communities. It is axiomatic that local government services are defined by law and usually have minimum standards and are therefore universal, at least in like-authorities: it is the *means* of delivery and the *local policy* which differs. We are extremely keen to seek collaborative, mutually beneficial partnerships and alliances with other local authorities in order that we can deliver better outcomes, reduce cost, improve

¹ Institute of Public Care model – Oxford Brookes University

service and minimise duplication whilst recognising Haringey's specific and unique needs.

7.9.9 Development of **innovative** practice that clearly enables citizens and services to collaborate and forge **empowering** and **productive** relationships.

7.9.10 We will work with **voluntary organisations** to help facilitate and develop that sector in order that those organisations can prepare to take advantage of appropriate future opportunities where they arise.

7.9.11 Allow for **flexibility** in terms of the contractual vehicle used to deliver the service (for example, a Joint Venture Company or a Local Asset Backed Vehicle rather than a standard client / contractor arrangement may be appropriate in some circumstances).

7.10 The overall measure of success for the policy will be the extent to which residents are receiving excellent services that also represent excellent value for money. Getting there will mean we have achieved the following:

- Have an excellent understanding of the needs of our citizens
- Developed a collaborative approach between citizens and services in the design of services
- Increased social capital and empowerment of our communities
- A model focused on outcomes rather than the process for getting there
- The third and fourth sectors will have been developed as viable providers and there will be the potential for a mixed economy of service provision
- An ethos between citizens, services and providers of working together to invest public resources where they can make a clear impact (rather than an ethos of competition for resources).
- Fostering a culture of 'new professionalism' – allowing the creativity and ambition of professionals to be unlocked

7.11 These principles will allow us to develop an approach where we seek medium to longer term collaboration with other local authorities and public bodies on the basis that these are equitable and generate an equal share of risk and reward as well as looking at how we meld services with public agencies within and beyond Haringey ("Total Place").

Our approach to commissioning

7.12 In reviewing and evaluating services as part of a strategic commissioning approach, services will be defined as they would be seen from a customer / user perspective rather than a professional one.

7.13 Services will evaluate their service in line with the following model:

- Understand the market, the need now and in the future
- Identify "best in class practice" and examine its replicability for Haringey
- Evaluate the current and future service against "PEP" – Performance, Efficiency and Perception
- Examine how the service contributes to the corporate and partnership's priorities and the sustainable development of Haringey

7.14 Following this evaluation, proposals for the transformed service delivery model (commissioning implications) will be developed, these may include;

- Reconfigure and strengthen the existing (internal) service
- More efficient internal delivery
- Delivery by social enterprise / mutuals / co-operatives / associations / trusts
- Share the service with other local authorities or public sector bodies
- Evolve (e.g. income generating)
- Automate
- Management Buy-out
- Outsource
- Disinvestment / de-commissioning

7.15 Once potential options for service delivery method and service level are specified then evaluation will take place against certain criteria to provide a robust and transparent assessment method.

7.16 It is proposed that the assessment criteria are fairly fixed to allow for comparison and learning between evaluations (these will be deemed to be 'quantitative criteria'). However, there will be some room for flexibility as services' priorities will be different ('qualitative criteria').

7.17 We will be testing our initial approach to commissioning through reviews of:

- Parking Services
- Regulatory Services
- Mental Health Services
- Children with Disabilities Services

7.18 The Strategic Commissioning Policy is intended to run from April 2010 – March 2014. A Project Team and Strategic Commissioning Unit (SCU - made up of existing Officers with commissioning responsibilities across the Council) are currently developing proposals to review the four pilot areas identified above. Following the evaluation of these four pilot commissioning areas, an evaluation report will be provided to members by December 2010.

7.19 By March 2014 all LB Haringey services will have reviewed and evaluated their service model and developed a commissioning strategy.

8. Chief Financial Officer Comments

8.1 As the broad intention of the Strategic Commissioning Policy is to ensure better quality services and better value for money across the Public Sector bodies working within Haringey, the options outlined in this report will have significant Financial Implications in the long-term.

8.2 Specific Financial Implications will need to be brought forward by the Project Team as service areas are reviewed and recommendations made, however it is clear at this early stage that there are likely to be significant costs in terms of both Financial and Legal advice as new arrangements with both Public and Private Sector partners are developed and enshrined within Contracts or similar documentation. Equally there may be a requirement for Haringey Council to review its existing Financial Regulations and

<p>Processes and Governance arrangements as the method of service delivery changes, to ensure the level of assurance given to Members remains robust. It is also important that outputs in terms of improved Value for Money are clearly defined, so that the effectiveness of the policy can be measured.</p> <p>8.3 In the short-term there will be a direct cost of the 'virtual' Strategic Commissioning Unit, in terms of secondments or backfill of existing posts, as well as potential costs of consultation and reviews of existing service provision. The expected costs here need to be further developed and the appropriate budget formally approved.</p> <p>8.4 As this unit will be reviewing the spending of the Council (as well as Partners) at a high level, there is some crossover with the existing work of both Strategic Procurement and Haringey Forward and it should be ensured that work is co-ordinated to avoid duplication of effort and consideration given to whether the SCU should be part-funded from these existing budgets.</p>
<p>9. Head of Legal Services Comments</p> <p>9.1 Legal Services is supportive of this Policy Initiative. There are no specific legal issues at this time as the clients are already obtaining on-going legal advice on the specialist areas covered by the policy e.g. Social Care Work ; the Waste Management Contracts. Legal Services would be pleased to be represented on the Project Team if this would be beneficial for the client and the Council.</p>
<p>10. Equalities &Community Cohesion Comments</p> <p>10.1. The Equalities service are supportive of this policy initiative and note that the need to consider equalities and diversity issues has been acknowledged in the report. The service recommends that an equalities impact assessment is undertaken to ensure that there is equality of opportunity for all. It is also recommended that equal opportunities monitoring of strategic commissioning arrangements is carried out.</p>
<p>11. Consultation</p> <p>11.1 Consultation will be undertaken with partners and voluntary groups as the pilot reviews progress.</p>
<p>12. Service Financial Comments</p> <p>Please refer to Section 8.</p>
<p>13. Use of appendices /Tables and photographs</p> <p>Appendix 1 – step by step commissioning process</p>
<p>14. Local Government (Access to Information) Act 1985</p> <p>1.1. [List background documents]</p> <p>1.2. [Also list reasons for exemption or confidentiality (if applicable)]</p>

Appendix 1 – Step by step commissioning process

The Step	Description	Responsibility of
Analyse		
One Understanding Needs	<ul style="list-style-type: none"> Consider evidence base to understand needs of the local community and the priority outcomes for LB Haringey / HSP / LAA 	Virtual SCU / CEMB
Two Setting Commissioning Priorities	Consider: <ul style="list-style-type: none"> baseline performance and direction of travel on key targets; Areas of potential greatest financial gain; This will inform the services to be reviewed	Virtual SCU / CEMB
Three Evaluating the service	<ul style="list-style-type: none"> Understand the market, the need now and in the future Evaluate the current and future service against “PEP” – Performance, Efficiency and Perception Examine how the service contributes to the corporate and partnership’s priorities and the sustainable development of Haringey 	Virtual SCU (+ co-opting of services)
Plan		
Four Refining and identifying the options	<ul style="list-style-type: none"> Research, information gathering and interviews with other providers, clients and relevant organisations to inform options for appraisal Identify “best in class practice” and examine its replicability for Haringey 	Virtual SCU (+ co-opting of services)
Five Designing the Brief	Development of appraising criteria and business needs based on identified outcomes (service and community) and PEP	Virtual SCU (+ co-opting of services)
Six Assessing and Approving the brief	Assess options against the agreed criteria and business needs	Virtual SCU (+ co-opting of services), Members
Do		
Seven Commissioning	Undertake tender exercise (Preferably by Competitive Dialogue but may include Open Tender or Restricted Procedure) resulting in recommendations to CEMB / Members	Virtual SCU (+ co-opting of services)
Eight Approving the contract	Approve award of contract	Members, CEMB
Nine Contracting	Negotiate detailed SLA with successful delivery organisation	Virtual SCU
Review		
Ten Ongoing	<ul style="list-style-type: none"> Ensuring that services are being delivered and achieving their outcomes, 	Virtual SCU (+ co-opting of programme / contract)

Contract Monitoring	<ul style="list-style-type: none"> ▪ Robust performance management and taking proactive steps to address poor performance 	monitoring / performance management function)
Eleven Evaluation	Evaluate performance against contract specification, desired outcomes and key performance measures	Virtual SCU, CEMB
Twelve Reviewing needs and priorities	Review of performance measures through a two way dialogue between commissioner and provider that allow for emerging priorities to be addressed	Virtual SCU, Services, Members