

**Haringey** Council

Agenda item:

**[No.]**

**Cabinet**

**On 16/11/2010**

Report Title. Update on Strategic Commissioning Programme

Report of **Niall Bolger** , Director of Urban Environment

Signed : pp  3/11/2010 .

Contact Officer : Niall Bolger 020 8489 4523

Wards(s) affected: **All**

Report for: **Key**

### **1. Purpose of the report**

- 1.1. Cabinet received a report on the council's proposed Strategic Commissioning Policy in March 2010. This is an update report on the progress of the early implementation of the Strategic Commissioning Programme, identifying lessons learnt from the pilot projects, identifying a model for commissioning in Haringey , establishing commissioning standards and setting objectives for commissioning activity, together with a timetable for the decisions required on the pilot projects and the wider roll out of the approach to support the delivery of the Haringey Efficiency and Savings Programme .It sets out a model which will help members to focus upon the decisions to be made .

### **2. Introduction by Cabinet Member –**

- 2.1. This report sets out the one of the foundations for the future organisation of the way the council will deliver its services. The report builds upon develops the commissioning framework considered by cabinet earlier this year. The council faces the severe financial constraints over the next few years and 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 The approach underpins the delivery of the vision for L B 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 ‘A place for diverse communities that people are proud to belong to ‘ where people are truly at the heart of change

3.3 The approach will also support the delivery of the council’s priorities :

- A safer future for all
- Brighter futures for Children and Families
- A cleaner greener and more sustainable future
- Homes and neighbourhoods fit for the future
- Spending wisely and investing in the future

### **4. Recommendations**

Cabinet is recommended:

(i) to agree the strategic commissioning model as Haringey’s future Commissioning Framework; and

(ii) to adopt this approach and (change) methodology in respect of other key Council Services.

### **5 Reasons for Recommendations**

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.

5.2 The Strategic Commissioning policy agreed by cabinet in March 2010 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 in light of the reductions in council’s future 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 the Strategic Commissioning framework 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, however as services are re-commissioned options for the future delivery of these services will be considered.

## **7. Summary**

### **7.1 Background**

7.1.1 It is clear that a comprehensive approach to strategic commissioning is critical to meeting the Council's objectives and priorities in a period of reduced resources and changing expectations on public service. It has been identified as a key delivery stream within the Haringey Efficiency and Savings programme through which the Council is seeking to deliver better outcomes and meet local needs in the context of reduced resources, changing aspirations, new parameters of national policy and continuing increases in demand.

7.1.2 There is a need for a common organisational culture for meeting local priorities, which uses a common vocabulary and approach in deciding what priorities are critical, what options for meeting them are possible, and what arrangements are required to achieve the desired outcomes and results. The outcomes that the Council is seeking must be clear, and the means to deliver those (through direct provision, contracts, grant aided services, management buy-outs, partnership arrangements, delegation to other agencies or other mechanisms of procurement) follow from those outcomes, rather than form the starting point for seeking efficiencies and establishing commissioning arrangements.

7.1.3. The original Commissioning and Procurement Policy set out a robust and comprehensive methodology for how to market test and procure services that the Council wished to provide. This framework is set out in Appendix 1. However it did not provide a means of fundamentally challenging whether these activities needed to be undertaken at all, or whether the results sought could be achieved through alternative means.

7.1.4. The new context is that Strategic Commissioning provides a framework to undertake a fundamental review identifying the demand supply and need for services to achieving those outcomes that the Council sets as its priorities. The key requirements of a Strategic Commissioning approach are that it should enable the Council to reduce cost and improve

Efficiency; decommission and stop providing non-priority activities and measure outcomes against its priorities.

## **7.2 Progress on Commissioning Pilots**

7.2.1 Although four pilot projects were identified to test the commissioning framework set out In Appendix 1 , significant commissioning of services has been undertaken within the council for a number of years , particularly within Adults , Children's and Urban Environment , including the ongoing development of joint commissioning of services with other partners and public sector organisations The undertaking of the pilots was to bring together the specialisms, experience and skills of the staff undertaking commissioning within their individual services into a wider virtual team to support a consistent council wide approach to develop a commissioning culture for all council services .

7.2.2 Four pilot areas of commissioning activity were identified in the original programme brief and set out in the reports to CEMB and Cabinet in October 2009 and March 2010. These have been subsequently confirmed as:-

- Extra Care Housing ;
- Disaffected and vulnerable young people;
- Parking and Sustainable Transport;
- Regulatory Services.

7.2.3 The programme envisaged that on the basis of a scope agreed with the relevant department and with resources made available from the service area, the commissioning pilots would:-

- test the application of the commissioning policy to the area of service;
- identify specific commissioning objectives;
- quantify the scale, timescales, risks and opportunities for realising efficiencies and/or changing the service model;
- realise efficiencies within 2010/11 financial year and future years ;
- provide learning to allow a revision and agreement of the commissioning policy;
- identify the skills and competencies required for effective commissioning activity; and,
- propose steps to deploy or develop these skills and competencies to meet future commissioning intentions.

## **7.3 Lessons learnt**

7.3.1 Commissioning is primarily about defining outcomes and results for citizens/customers, the procurement process provides the mechanisms to be employed to deliver the outcomes. The role of the local authority is changing rapidly away from being the main provider or purchaser of services towards a strategic role, working with partners to ensure that valued public services are available – but these may be supplied from a variety of providers and agencies. Commissioning is therefore about having a process to inform decisions and set priorities. Strategic Commissioning includes, and relies on, effective procurement, but is much

more about the role of the local authority and providing the leadership and direction to deliver better outcomes. This is particularly true as the pattern of provision is likely to change and shrink and will be shaped much more by direct customer choice and direct. Demand (from citizens, residents, businesses, communities) may be met by supply from a range of sources, many of which may not involve the local authority directly.

7.3.2 The work on the pilots has established some clear requirements for effective commissioning work. There is a need for strategic oversight – to coordinate, prioritize and forward plan, to support joint working and partnerships and to ensure that specific services fit with a corporate approach to commissioning.

7.3.3. The development of strategic commissioning approach needs to reflect strong relationships with policy and finance and must be informed by a robust analysis of need. This has been particularly illustrated through the work on the Extra Care and Vulnerable Young People pilots. Projects must be able to source key skills and resources – for example data interrogation and analysis, financial modelling, project management and change management, and communication and marketing capacity.

7.3.4. Methods and tools used in the pilots have included the following:

- Robust and detailed financial modeling of the outcomes
- Research and analysis of practice and experience elsewhere
- Customer insight and experience mapping
- Professional good practice models and performance data
- Consultation, engagement and marketing
- Collaboration with partners
- Income generation
- Make or buy choices
- Fundamental challenge to presumption of separate and independent capacity and provision by each separate agency

7.3.5 The evidence from pilot work suggests that commissioning, procurement and purchasing functions are currently delivered in a fragmented approach by different areas of the council. Commissioning expertise is dispersed across the council. The skills and competencies for supporting commissioning already exist but are undervalued and subsumed within a focus on operational delivery. Some skills and competencies are in need of further strengthening such as financial modelling etc.

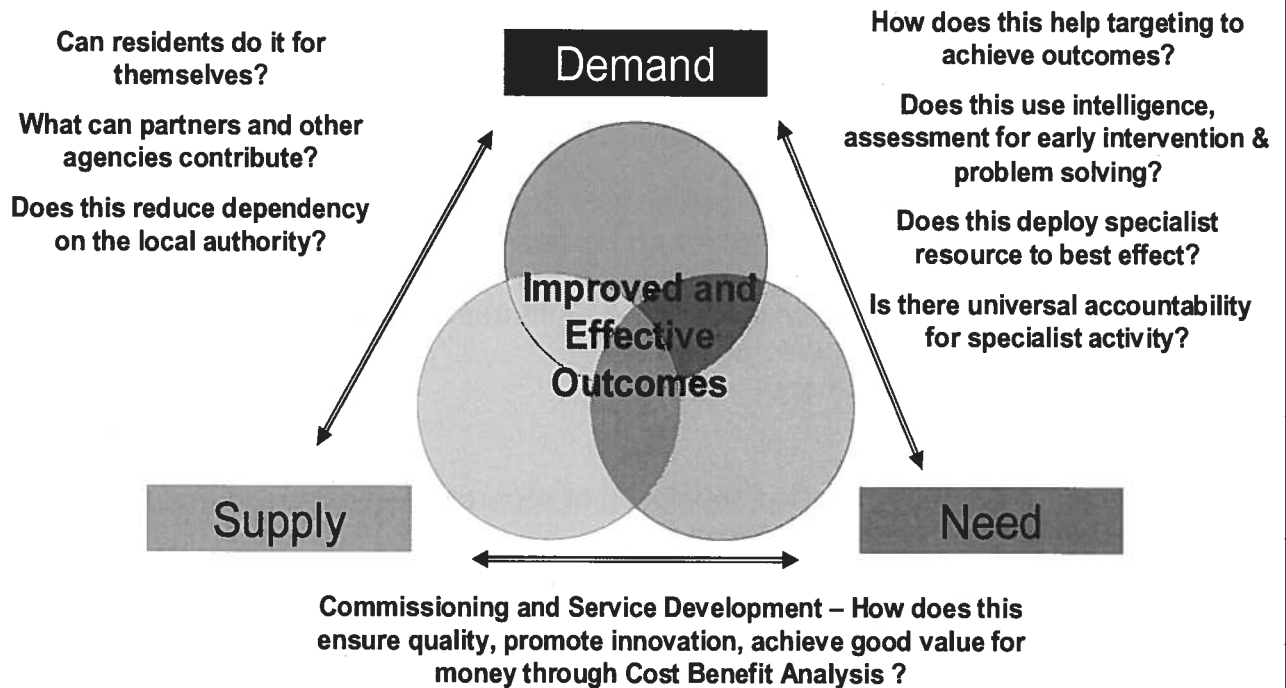
## **7.4 Commissioning Model**

7.4.1 Members and partners need to be fully engaged in setting priorities and ensuring outcomes are delivered. The diagram of the model below has been developed through the experience of the pilots and a series of workshops as the Strategic Commissioning Programme has developed. It is presented for endorsement as an approach that can be applied across all services as a way of informing commissioning decisions, and articulating the different perspectives of demand, supply and need that need to be balanced through effective commissioning. The model fits with the overall definition of commissioning adopted by the

Council:

"The process, system and means of securing long-term, sustainable outcomes which meet the needs of our diverse customers and communities whilst providing excellent value for money".  
Haringey's Strategic Commissioning Policy

## A model for informing commissioning decisions



7.4.2 An example of the use of this model to inform decision making would be as follows:

The plans for a new Re-ablement Service for Haringey's most vulnerable older residents<sup>1</sup> will transform the existing rapid response and in-house home care service into a Re-ablement Service at the point of hospital discharge. Evidence shows that investing in an

<sup>1</sup> As presented to the Leader's Conference, September 2010

effective Re-ablement service can prevent hospital re-admission and reduce demand for costly long-term care packages by 30 - 40%<sup>2</sup>; while improving the independence of Haringey's vulnerable older people. In terms of the commissioning model above, the example demonstrates how redesigning the service can help to manage future demand, maximising both the efficient use of resources and outcomes for residents.

7.4.3 The model above links the key components for successful commissioning of demand for service, need for service and supply of service, with the questions that need to be answered to set the outcomes. These questions can be referenced to the key priorities that the council wishes to deliver. These are :

- A safer future for all
- Brighter futures for Children and Families
- A cleaner greener and more sustainable future
- Homes and neighbourhoods fit for the future
- Spending wisely and investing in the future

7.4.4 The future model for public services arising from the implementation of strategic commissioning will result in a pattern of services that is likely to have most of the following characteristics. In two to three years we expect many more services for citizens and residents to be:

- Centred on customers' needs rather than the existing pattern of provision
- Primarily delivered through universal and community settings
- More targeted at those with priority needs
- Based on evidence of improving results
- Recognising the varied and multiple ways in which individuals, families, communities and organisations can relate to services, for example as resident, citizen, customer (paying), user (non-paying), business, subject of regulation or enforcement, complainant or advocate/petitioner.
- Seeking to prevent crises through support and practical help rather than through enforcement, formal proceedings and the need for intervention
- Specific and time-limited, reflecting interventions for a purpose rather than open-ended entitlements to provision
- Encouraging citizens to build their own capacity, develop resilience and reduce dependency on accessing formal services
- Aimed at achieving specific outcomes or results agreed with the user
- Family, community and neighbourhood based, delivered at home or through a accessible location rather than at a given service site
- Linked to other services rather than stand alone, working across professional and agency boundaries in the interests of the resident, citizen or customer
- Able to access timely and appropriate specialist input, commissioned borough or city wide but deployed locally
- More responsive to issues of poverty, deprivation, ethnicity, disability and social exclusion

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<sup>2</sup> Source: Department of Health Care Services Efficiency Programme (CSED)

- Delivered in closer co-operation with other agencies and partners, who met defined standards of quality, performance and value for money
- Extensive development of need to develop new and current markets within the voluntary sector to deliver future services to customers and clients particularly as the council moves from giving grants to commissioning services from the 3<sup>rd</sup> Sector
- The need to make new markets as the type of service provided to clients is changed e.g. the Personalisation agenda in Adult Services.
- Commissioned to published standards, to meet shared priorities identified in the Community Strategy and other published plans.
- Identifying the risks to the organisation and the customer and clients it services of the changes to the way services are commissioned and decommissioned in the future.

## **7.5 Next Steps**

7.5.1. The next steps are the consideration of the individual reports from each of the pilot projects which will be considered by cabinet over the next 2 meetings, including Parking and Sustainable Transport which is to be considered later on the agenda.

7.5.2 The future projects will be determined by the decisions made on the priorities and areas for review within the Strategic Commissioning Stream within the Haringey Efficiency and Savings Programme.

## **8 Chief Financial Officer Comments**

8.1 This report identifies at paragraph 7.2.2 the four initial pilot projects which will themselves be the subject of individual reports to Cabinet which will contain specific Financial comments.

8.2 This report is agreeing a methodology and a way forward and thus is not specifically about savings to be achieved from the pilots or any other projects. However, in order to address the significant financial challenges facing the Council going forward the need to identify considerable savings will need to be a key feature of future commissioning.

8.3 Some specialist commissioning support has been used in 2010-11 in order to support this work stream. This is due to cease shortly and therefore the management and delivery of the pilot and other projects will need to be met from existing resources.”



**9 Head of Legal Services Comments**

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 legal advice on the specialist areas covered by the policy e.g. Social care work: waste management contracts.

**10 Equalities &Community Cohesion Comments**

10.1 The equalities service is supportive of this policy initiative and note 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 there is equality of opportunity for all. It is recommended that equal opportunities monitoring of strategic commissioning arrangements is carried out.

**11 Consultation**

11.1 Consultation will be undertaken with partners and voluntary groups as the pilots progress

**12 Service Financial Comments**

12.1 Please refer to section 8

**13 Use of appendices /Tables and photographs**

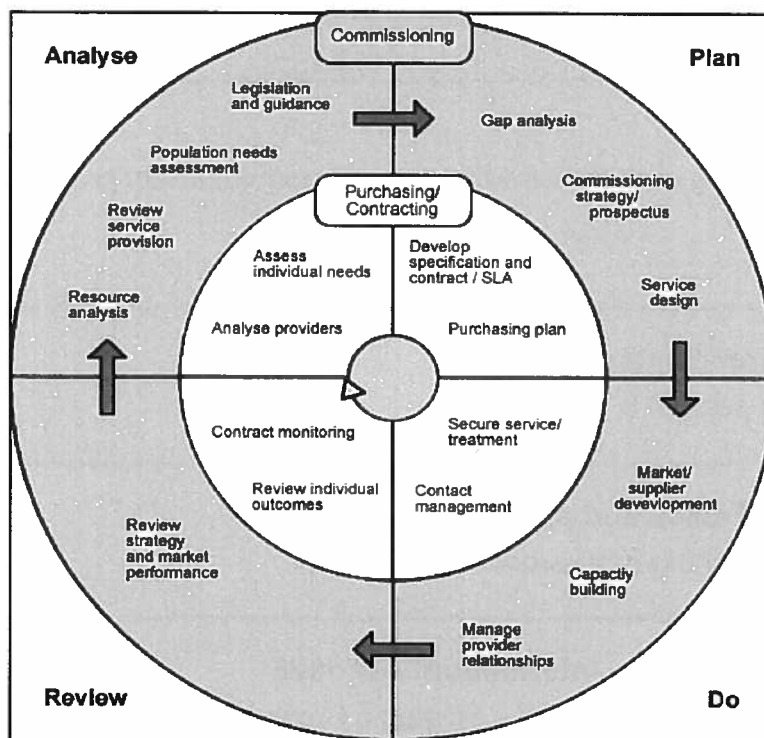
Appendix 1 – Commissioning framework

**14 Local Government (Access to Information) Act 1985**

14.1 Report to Cabinet 23<sup>rd</sup> March 2010 – Strategic Commissioning Policy

## Appendix 1 Standard Model of Commissioning (currently used within the HSP)

### 1. Summarise Model



In simple terms:

- 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**

This model will underpin our approach to commissioning and informs the step-by-step process for commissioning described below

These key elements of our approach inform the step-by-step commissioning process explained below.

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

<b>Eleven</b> Evaluation	Evaluate performance against contract specification, desired outcomes and key performance measures
<b>Twelve</b> 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