



Commissioning and Procurement Strategy 2013 – 2016

Report Date: 10th July 2013

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About this Strategy

This document is not a set of regulations, procedures or policies; rather it sets out our strategic view of the future and highlights the areas we intend to focus on in preparing for it. The Council's Contract Procedure Rules address the rules and processes to be followed, and guidance and templates are available to support staff to meet their procurement responsibilities.

Further information, advice and support can be obtained from the Procurement Service.

Foreword

This Joint Commissioning and Procurement Strategy sets the framework in which the Council will work to ensure that the requirements of Best Value are fulfilled. This strategy sets out a 3 year plan for commissioning and procuring services. It is designed to meet the current and future needs of residents living in Cheshire West and Chester.

The commissioning and procurement of goods, works and services contracts is a high value activity that has a critical impact on the performance and success of any organisation, in particular services that are commissioned with the use of public money. Cheshire West and Chester Council spend a significant amount each year in commissioning and procuring goods and services within available resources.

There are a number of national priorities we will need to address, stemming from the Transformational Government agenda, the Sustainable Procurement report 'Procuring the Future' and more recently the Social Value Act. In parallel to this we are responding to the 'Caring for our Future' white paper and the 'Social care and Health' Bill.

In all of these, commissioning, procurement and contract management are recognised at a national level as playing a critical role in the enhancement and delivery of public services. In keeping with the ambition of the Councils strategic approach and the emphasis placed on commissioning to ensure that high quality and value for money services are procured in an open and transparent way. This strategy sets high standards for Cheshire West and Chester Council.

Locally the Community Budgets/Altogether better programme will also shape the way services are developed in the future.

Altogether Better

The Altogether Better Programme that commenced in 2011 is West Cheshire's approach to Whole Place Community Budgets, with organisations from across the public sector working together to design services, systems and interventions that can address social issues that impact on a number of organisations. This programme highlights the Local Authorities commitment to collaborative working with local partners to develop and implement shared solutions to shared challenges.

There are a number of key projects within the Altogether Better Programme, addressing a range of issues from Early Years Support, Employment and Skills Training, Living well and Ageing well. One of the most important elements of this initiative that it is designed to promote partnership working between Health and Social Care partners to address the rising demand that is being placed on services through an ageing demographic. We believe that by working in partnership with other organizations we can design more efficient and effective outcomes, reducing duplication and overlap between services.

Through the Altogether Better Programme, the council will endeavour to promote the health and wellbeing of local people through the five work streams from 'Starting Well' to 'Ageing well'. The Council will work with partners to commission joint outcome focused services. This will inevitably change the way we procure and quality manage services in the future.

The Altogether Better programme aims to reduce the regulatory burden that often gets in the way of radical and innovative service redesign. The Government has made it clear that it will support increased freedom, fairness and responsibility by eliminating bureaucracy. This will allow common sense decisions to be made and barriers to be overcome, work is underway through the Smarter Services element of the programme this will enable joint investment and procurement options.

The principles that underpin Community Budgets were outlined in the Open Public Services White paper and are backed up by a range of supporting legislation including the Police Reform and Social Responsibility Act; the Health and Social Care Bill; the Localism Act; and the Social Value Act among others.

Definition of Commissioning

Commissioning is a whole system process from researching, and analysing needs of residents to developing commissioning strategies and work programmes. It entails working with providers and customers to develop, stimulate and innovate redesign through co-produced specifications. This enables services to be designed and commissioned that reflect current and future needs of a population and also determines how public bodies decide to spend available resources to achieve the best possible outcomes for local people.

Definition of Procurement

Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. The process **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.

Definition of Contract Management

Contract management is the management of provider relationships to ensure their compliance with contract obligations and to understand and control the financial and risk implications of any change. Contract management is responsible for the performance monitoring and quality assurance of the provider.

The Commissioning Cycle – the journey

The commissioning cycle is based upon four key management elements – analyse, plan, do and review - and assumes that all of the four elements are sequential and of equal importance. Essentially, commissioning of services is the context within which purchasing and contracting takes place.



i) Analyse - based on good baseline information

Good quality baseline information is essential for strategic commissioning. We will use established **frameworks** to **gather** and **analyse** this information. Information will be required from various sources including public sector partners, customers and stakeholders.

- We will be clear on how resources are currently allocated and how the use of these resources offers value for money;
- We will understand and support the growth and prosperity of the area and how the allocation of resources will contribute to this;
- We will know what our demographics are across the whole community; what the levels of need are; the future likely demands and what is in place to currently meet need;

- We will listen to what customers and communities tell us about the services they prefer to have.

Analysis is vital to identify gaps in service provision which might be relevant to particular groups of customers or relevant because of where customers live. Analysis will also tell us where we need to improve our performance and where we need to focus our efforts to ensure we achieve our vision. We will use evidence to demonstrate which service models are effective and efficient and which are not.

ii) Plan

We will establish rolling 3 year plans for each category of spend which will identify;

- The areas where performance needs to improve;
- Initiatives and plans that optimize the outcomes for the population groups whilst providing the most effective use of our resources and demonstrating value for money;
- Potential gaps in future service provision and where we need to build capacity and capabilities to meet forecast demand.

iii) Do

“Doing” is where commissioning ambitions are put into effect through **effective procurement**. We will use the following key principles:

- Develop and implement work programmes that clearly set out milestones and timescales for each activity. We shall develop these in a co-productive manner including local people and providers;
- We will be clear about what we want our services to deliver by developing specifications that are outcome focused. Through these we will introduce Performance Management Framework therefore ensuring that we have a clear process to ensure that local people are receiving high quality service provision, and also a clear pathway if services are under performing;
- We will as part of our corporate objective to put the Customer First undertake consultation with stakeholders in accordance with our best practice Consultation Guide and our legal obligations;
- We will involve customers, communities, and providers in determining outcomes and maximise the opportunities to engage in the co-production of design and delivery of services;
- We will consider both the design of the service and the procurement process itself to ensure we deliver Value for Money through the sourcing process.

We will use a **Performance Management Framework** based outcomes to:

- monitor the quality of services we directly commission or contract for;
- support best practice and improvement,;
- ensure positive outcomes and experiences for the customer using the service.

The **Performance Management Framework** will however also need to be flexible to remain relevant to services that are not directly contracted as well as those that are, (as the Council moves towards supporting individuals to take control of their own care through direct payments the framework will endeavor to support those individuals who procure their own service provision).

iv) Review

The delivery of services will be reviewed to identify whether outcomes are being achieved and that resources are being use effectively. Reviews will be undertaken through a risk based approach to contract management and auditing.

The approach will consider;

- Effectiveness – are outcomes being achieved and are these the right outcomes?
- Customer Experience – what is the customer’s experience of service delivery?
- Risks –ensuring that risks are identified, managed and appropriately mitigated
- Efficiency – benchmarking to ensure value for money is being achieved.

Commissioning and Procurement Strategy

The driver for change

Cheshire West and Chester Council is facing a period of intense change, with an increasing demand for services, a contraction of funding and a challenging policy environment. The Council is working with partners to develop a 'whole area' approach to public services, by identifying the use of similar resources. Where we deliver similar services, we need to ensure a better return on investment. For our customers we need to ensure a joined up approach with reduced interventions, at a reduced cost.

Reshaping services and their delivery

To assist the Council to adopt a strategic approach to commissioning the Council proposes a 'make or buy' review of all services. This will involve a radical and innovative re-think of the types of services that the Council will provide, and a significant change in the way these services are delivered.

With the scale of savings required, we have to change from servicing all demand that we do currently, to finding ways to manage and reduce demand for services. This will mean developing social investment models, payment for results for preventative interventions, and better collaboration across public sector agencies including the sharing of services. This "make or buy" approach is a pivotal element of the Council strategy to ensure we can deliver significant savings in the future.

The delivery model for a service, or in some cases a combination of models, will be dependent on defined criteria, such as the service priorities, the market environment and related cost drivers. The future of Council services is most likely to be delivered by a mixed economy because we believe that services should be delivered by the organisation, (public, private or voluntary sector), that is best able to meet the desired outcomes.

Where services are provided externally, through the procurement and contract award process, we will seek the best possible commercial model, reflecting the fast pace of change within particular market sectors. The Council needs to align itself with its third and private sector colleagues through a process of continuous improvement and innovation.

Strategic Commissioning

Through this strategy we have the opportunity for a more fundamental consideration of the role of the Council as a Strategic Commissioner, and a move from service planning to commissioning for outcomes. This will require reassessment of the organisational structure of the Council that differentiates between strategic decision making and the delivery of services.

By following this approach over the next five years not only will we assist in transforming the services the Council delivers and how they are delivered, but we will change how the Council's corporate centre is structured to focus its effort and activity on strategic decision making.

This strategy is leading to a growing need for access to experienced, trained and adaptable procurement professionals with strong commercial skills an 'intelligent purchasers' within services to support procurement.

Commercial Management

As more services are commissioned by the Council, so the relationship between the council and providers of commissioned services has to be managed. Requirements for evidence of continuous performance improvement through inspections, audits, spending reviews and national procurement targets means we have to prioritise and adequately resource commercial management as a mechanism for ensuring value for money is consistently delivered and that demonstrable continuous performance improvement becomes a core requirement of all contracts.

The importance of competitive markets and variety of service provision options in supporting value for money and choice for customers is driving an increased focus on market stimulation and supply chain management to ensure a sustainable mix of suppliers from all sectors in the long and short term. To facilitate the strong management of current and future externally delivered arrangements the Council needs to develop a Commercial Management function, which interfaces closely with the Commissioning teams.

Commissioning Vision and Principles

In the current financial context it is important that the Council makes the best use of the resources available and continues to deliver high quality services which meet the needs of our residents. This Commissioning and Procurement strategy will help us to do this by ensuring:

- a consistent approach to strategic commissioning that focuses on meeting local need;
- all commissioning activity is well planned and coordinated (both within the Council and with our local public sector partners);
- we are clear about what outcomes we are aiming to deliver;
- we are able to measure whether or not these outcomes have been delivered and hold our providers to account;
- local providers have equal opportunity to participate in the commissioning process

Our aim is to commission high quality services that are responsive and valued by the customer. Commissioners will ensure that they work in partnership with other partners to ensure value for money and seamless services.

The delivery of these core commissioning priorities will be led by the Executive Member for Commissioning and overseen by the newly-created Strategic Commissioning Directorate. The Directorate will seek to:-

- Deliver a 3 year commissioning work programme to review all services commissioned and delivered by the Council;
- Bring together all services and officers responsible for the strategic commissioning of services;
- Centralise and modernise the approach to commercial and contract management;
- Through the Joint Commissioning board seek to maximise the opportunities for the joint commissioning of services with local public sector bodies;
- Undertake a full service review, with extensive change and redesign, of all currently commissioned services;
- Ensure full, effective and timely consultation with residents and deliver on our commitment to the co-production of services with service users.

We will ensure that services are designed and delivered which will greatly improve the life of individuals living in Cheshire West and Chester. Services will be person centred and commissioners will work with providers to develop a multi skilled market that will support individuals in having equal access to a range of high quality responsive health, social care and housing services.

Through Strategic Commissioning we want to promote prevention initiatives, early support programmes, early detection and treatment of ill health to support local people to stay healthier for longer. Working closely with our partners' commissioners will endeavour to jointly commission outcome focused services.

Our Commissioning priority is to develop a range of local community services in partnership with public, private, voluntary and community sectors that will support local people through the whole support pathway.

Principles of Commissioning:

- Prioritising prevention and early support programmes should be an intrinsic part of health and wellbeing planning;
- Cross agency investment into health, social care and housing;
- Support Market development and be open to new ways of working with both current and new partners;
- Support people to take control of their own health and social care needs through the commissioning of high quality personalised services;
- Reduce inequalities for potentially excluded groups, and endeavour to reduce health inequalities particularly in deprived areas;
- Ensure localised provision through effective service specification, whilst also ensuring borough wide coverage to ensure equal access to services that includes and reflects the rural dimension of Cheshire West and Chester;
- Design and implement services that reflect current and future elements;
- Identify customers in need, or at risk;
- Develop sustainable information strategies to support local people to choose the right services;
- Support communities to become resilient and self sustaining.

Through these steps we hope to value diversity and promote equality. Through this integrated approach, the Council will be able to commission services that will benefit the whole community, and clear procurement plans will ensure that everyone is considered. However there is an acknowledgement that some individuals may require more help than others and at times difficult decisions will have to be made. Through the commissioning board these decisions will be considered.

As a Council we are committing to provide the best value for taxpayers money. Through commission and procurement we will ensure the most effective, fair and sustainable use of resources. Through clear strategies we will ensure openness and transparency at all times.

Procurement Vision and Principles

To secure demonstrable value for money from the contracts we let, supporting delivery of innovative, cost effective and high quality services to the people of Cheshire West and Chester, meeting the highest standards of legal and procurement practice and undertaking such activities in the most efficient manner possible.

Procurement can be defined as the process of obtaining supplies, services or works from the definition of the business need through the life cycle of the asset or service contract, to the end of its useful life. The ongoing contract management can best be described as the management of provider and supplier relationships to ensure their compliance with contract obligations and to understand and control the financial and risk implications of any change. As a local authority, Cheshire West and Chester Council has a 'Duty of Best Value' requirement to meet. Best Value means local authorities must aim to continually improve the 'Economy', 'Efficiency' and 'Effectiveness' of their services.

Cheshire West and Chester Council recognises that different models and approaches will be required for the very different and divergent services that the Council decides to commission. Where services are procured from the market there are a number of principles which should be embodied at all stages throughout the process in order to deliver Best Value:

Competition

Use of a degree of advertising appropriate to the scale and value of the contract to ensure we attract a proportionate number of suppliers and ensure that the Council is able to drive improvements in quality and reductions in cost.

Equal Treatment and Fairness

Suppliers should be treated in a fair and equal manner to enable them to bid on a level playing field, with having access to the relevant and necessary information.

Transparency and Openness

Demonstrating that procurement processes are conducted in a way that is fair and competitive, with all relevant non-commercial information being shared openly and in a timely manner.

Value for Money

Balancing the appropriate degree of quality and scope of requirements with the whole-life cost of the goods services or works, to meet customer needs at an acceptable price.

On-going Commercial Management

Effective contract management processes need to be applied across the Council to ensure the effective management of commercial arrangements.

Priority areas and Strategic Objectives for commissioning and procurement

There are a number of priority areas that the Council will need to address over the next 3 years. These can be grouped into six areas:

- 1 Commercial Management and Value for Money**
- 2 Environmental, Social and Sustainability**
- 3 Leadership, Skills Development and Capacity Building**
- 4 Partnerships, Collaboration and Relationship Management**
- 5 Regulatory, Governance and Risk Management**
- 6 Technology & Efficiency**

1 Commercial Management & Value for Money

As an organisation spending public money, achieving value for money and being able to demonstrate it are essential. The resources we have must be used in the most effective manner to provide high quality services to those who need them. Aggregation of supply and contract management, and an increased emphasis on performance management and continuous improvement will be necessary, as will exploration of opportunities to improve Value for Money through standardisation of provision.

Objectives

- To utilise good quality baseline information (through the Integrated Strategic Needs Assessment) to inform and shape the commissioning of local services;
- To improve our market intelligence gathering, and use it to develop competitive markets from which to purchase;
- To stimulate competition in securing delivery of all externally provided services;
- To manage our contracts to deliver continuous improvement in performance and value for money throughout their lifetimes;
- To give consideration, where appropriate, to including payment by results through the commercial payment model; and use of penalties for non performance;
- To prioritise customer satisfaction and choice, and ensure contracts provide sufficient flexibility and variety to support improvements in these areas;
- To embed the 3E's Principles to ensure value for money.

Economy:

Minimising the cost of resources used for an activity, while having regard to appropriate quality.

Efficiency:

The relationship between outputs, in terms of goods, services or other results, and the resources used to produce them. An efficient activity maximises output for a given input, or minimises input for a given output and, in doing so, pays due regard to appropriate quality.

Effectiveness:

- The extent to which objectives have been achieved, and the relationship between the intended impacts and actual impacts of an activity.
- To develop reporting systems to provide relevant accurate and timely management information on our spend profile with external providers.

Outcomes

- A formal framework for Contract Management will be in place ensuring that the Council demonstrates value for money, quality of outcomes as a provider, commissioner and enabler of services;
- All contract managers will regularly seek and act on customer feedback on opportunities for improvements in quality or satisfaction through changes to delivery or management arrangements ensuring that People's essential needs are addressed through effective public services in Cheshire West and Chester.

2 Environmental, Social & Sustainability

There are many areas that can be influenced through the commissioning and procurement activity, and the Council has a responsibility to consider the impact being made by its choices. Such considerations may include:

- sustainable consumption and production
- protecting natural resources, creating sustainable communities
- addressing climate change and energy sources
- creating job and training opportunities for local people
- providing opportunities for small and medium enterprises, local suppliers and social enterprises to become part of the supply chain
- creating opportunities to eliminate discrimination and promote equality of opportunity

Sustainable procurement should consider the environmental, social and economic consequences of design, use, logistics, service delivery, maintenance and disposal and suppliers capabilities to address these consequences throughout the supply chain.

Procurement activity will be structured to achieve a good market response and selection of service delivery options that provide value for money and meet the current and future needs of local people.

Objectives

- To include environmental considerations in funding, contract policy and purchasing decisions with reference to the Carbon Reduction Plan;
- To ensure that the principles of sustainability, economic development and equality are promoted and addressed, as appropriate, in all procurement and contracting activities;
- To ensure that Council procedures do not exclude any company - whether small to medium size enterprise (SMEs), voluntary or community sector (VCS), or otherwise - from the opportunity to bid for Council business;
- Reviewing the Council's present approach to resource use.

Outcomes

- Creation of social value policy and toolkit to embed across procurement activity within the Council;
- The Council will have a supply base of Contractors who regularly review their services and access to them to ensure that they are appropriate and accessible and that service equality objectives are delivered through contract management.

3 Leadership, Skill development & Capacity building

Delivering improvements in commissioning and procurement practices and in service delivery through commissioning requires clear direction and prioritisation at a senior level. As the Council moves to a commissioning model we require a different structure to the one that currently exists. It necessitates the development of staff involved, to ensure they are able to address changes; and it requires resource to be allocated to achieving this. The skills required are wider than a basic knowledge of contracts – project management, performance management, change management, contract and relationship management, and are all important to success. Additionally, it may be possible to identify opportunities to build capacity in service delivery through the provision of procurement expertise within the Council for low value procurement.

Objectives

- To define the various roles and responsibilities associated within the commissioning, procurement and contract management, and the related required skills;
- To build capacity within the Council by minimising the need for departments to undertake procurement or contract management activities whilst still providing sufficient choice to support delivery of quality services;

- By workforce planning we aim to provide trained staff with expert or specialist skills and knowledge and develop procurement support capabilities in service delivery to facilitate procurement;
- To develop skills and provide support to officers involved in procurement and contract management across the Council;
- To attract, retain and motivate high-quality, skilled procurement and commercial professionals and create ongoing opportunities for development;
- To ensure that any officers undertaking procurement exercises have access to specialist advice when required.

Outcomes

- We will create a centralised commercial management structure that contains the necessary skills to support the Council in its vision to become a strategic commissioning body and continue to develop commissioning and procurement support capabilities in service delivery.

4 Partnerships, Collaboration & Relationship Management

The Council recognises that the Government has encouraged links between local authorities and other public, private and voluntary sectors as a way of providing more flexible and cost effective services, and we will seek to collaborate with external bodies to consult, share good practice, learn from experiences and develop good working relationships to enhance service provision. The Council is also fully committed to involving citizens and users in developing service delivery and consult more frequently on satisfaction, to involve suppliers in designing service delivery, and to work with other public organisations to provide users with a joined up service.

Objectives

- Through the joint commissioning board we will ensure joined up outcome focussed commissioning;
- We will continue to develop and build on the links we have with other local authorities. Currently there are number service areas that are commissioned jointly with health and neighbouring authorities;
- Commissioners will also work with neighbouring authorities through the systems leadership programme and share and build upon good practice;
- To create tendering opportunities that attract sufficient market interest to establish a competitive number of quality bids;
- To work with contractors and suppliers to deliver demonstrable continuous in delivery of works, services or supplies contracts;

- To work with suppliers to secure efficiencies within supply chains and develop subcontracting opportunities for local companies as appropriate.

Outcomes

- To deliver an annual work programme with local public sector partners (through the operation of the Joint Commissioning Board) to deliver an ambitious programme of jointly commissioned and value-for money services.

5 Regulatory, Governance and Risk Management

Spending public money requires high levels of probity and accountability, supported by a framework of mechanisms to ensure that standards are met. This includes scrutinising the procurement processes, monitoring the outcomes of procurement activity and assessing and disseminating the impact of changes in legislation. The increasing level of challenge and requirement for competition in procurement in compliance with legislation and regulations, is leading to greater enforcement of policy and centralisation of 'corporate' activities and procurement.

Objectives

- To ensure that procurement activities reflect and support the Council's core values, and corporate aims and objectives;
- To ensure Contract Procedure Regulations reflect developments in procurement legislation and EU guidance, and provide a robust framework to support the spending of Council money;
- To structure contracts in a manner that protects the Council from risk and adverse movements in inflation, legislation, or developments in technology;
- To ensure contracts remain flexible enough to take into account changes in the commissioning strategy of the Council;
- To monitor and take advantage of opportunities to use our Powers to Trade (Local Government Act 2003) to deliver traded services to other organisations where the risk is minimal and the return to the organisation is significant;
- To ensure that all contracts are subjected to a degree of competition and advertising sufficient to satisfy EU recommendations;
- To provide challenge to procurement decisions and practices across the Council through a combination of Peer, Scrutiny, and Gateway reviews and adoption of a Contract Performance Improvement framework;
- To protect the Council from exposure to challenge or legal action by clearly determining the accountabilities and responsibilities of officers involved in procurement activity and monitoring, enforcing compliance with those responsibilities

Outcomes

- The Council will have a robust set of procedures for officers undertaking procurement exercises to follow, ensuring compliance with current legislation as applicable at the time reducing the risk of a challenge.

6 Technology & Efficiency

As funding continues to be reduced and service needs grow, making more effective use of resources becomes essential. Efficiency requires us to achieve the same or more with less; technology will play a major role in making such changes. Achieving this will require streamlining of processes, elimination of unnecessary activity and innovative approaches to structuring contracts and delivering services.

Objectives

- To improve access to information and data sharing between partner organisations to inform commissioning intentions;
- To improve procurement process, transactional efficiency and reduce the costs associated with procuring;
- To utilise technology to improve access to procurement information for officers, customers and suppliers, and to support the transparency of our processes;
- To utilise technology to stimulate competition, through advertising opportunities more widely online and exploiting reverse-auction based systems to reduce the cost of everyday goods, works and services;
- To ensure that our approach to using technology and driving efficiency does not exclude any organisation from the opportunity to bid for Council business.

Outcomes

- The Council will have implemented technology and efficiency improvements in our corporate systems to ensure a more streamlined and effective approach to structuring contracts and delivering services.