Commercial Services

The Commissioning Process
In Sheffield City Council

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The Commissioning Process in Sheffield City Council

1. Introduction

1.1 The Commissioning of services is a key activity within Sheffield City Council. In the past commissioning arrangements have been developed in isolation by different service areas of Sheffield City Council to meet specific Portfolio needs.

1.2 In line with the “One Best Way” approach of the Council, this corporate standard, process and approach provides an overarching framework for the Council’s commissioning activity at all levels and across all Portfolios. Whilst there will be differences in emphasis, all commissioning activity should follow the same principles and processes and contribute to the delivery of the Council’s Ambitions as set out in the Council’s Corporate Plan ‘A City of Opportunity’. This document draws on the wider policy framework, good practice and the expertise of Commissioners across the Council. It has also addressed the key areas of improvement identified via the external Voluntary Sector Review.

1.3 This document aims to:

- Provide Officers, Members and wider Stakeholders with a clear and shared understanding of what Commissioning means at Sheffield City Council, noting that Commissioning is the responsibility of respective Service areas.
- Provide an overarching corporate framework for this activity, which should guide specific pieces of commissioning activity
- Support Managers across Portfolios to make sense of this agenda, to understand the role they play and where to go for support.
- Make clear the distinction between the Commissioning Cycle and procurement activity and to show what contribution procurement and procurement professionals make to this process.
- Clarify the activities and responsibilities of Commissioners and Procurement Professionals which are set out in Appendix 1 (The Commissioning Checklist).

1.4 This document has been built on current experience within the Council utilising the expertise of Commissioners and Procurement Professionals. Richard Webb (Executive Director-Communities), as a lead Commissioner in the Council has contributed to the development of this Process.

1.5 It is recognised that improvements are likely to be required across the Council to comply with this Process.
2. What is Commissioning?

2.1 There is growing tendency to misuse the term “commissioning” (see table below). The misuse of this term only helps to confuse the real definition of commissioning. Officers should be dissuaded from using the term incorrectly especially in job descriptions.

<table>
<thead>
<tr>
<th>What Commissioning is</th>
<th>What Commissioning is not</th>
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| Commissioning is a continuous process through which Commissioners identify need; plan, source, deliver and performance manage activity. | Commissioning is not about:  
  - Asking someone to do something for you  
  or  
  - Delegating a task or action.                                                 |
| Commissioning takes place at different levels such as strategic, locality, individual | Commissioning is not about the actual buying of goods, works or services (it is about identifying whether there is a need to do this) |
| Commissioning can take place jointly with other agencies such as health             | Commissioning is not procurement. Procurement is one possible outcome of commissioning |

2.2 The Commissioning Process describes the activity through which Sheffield City Council secures the best possible outcomes for its residents. It is a continuous process through which we identify need; plan, source, deliver and performance manage activity. While there are different interpretations of this process, they all share the same core activities.

2.3 ‘Commissioning’ is a central feature of local government and public service reform. Councils have been challenged to shift away from narrow service delivery functions and adopt a more strategic commissioning role. This means stepping back from traditional service delivery and focussing on understanding the needs of the community and leading activity to secure improved outcomes. It means being open to using the best way of securing service outcomes and thinking creatively about how to get the most from available resources.

2.4 With significant influence and purchasing power, Local government is expected to shape local service markets and engage with citizens and service users in the design and delivery of services. This may involve bringing together multi-sector partner agencies to focus their efforts on achieving the outcomes that matter locally and creating synergies between different activities.
2.5 The Department of Health (DOH) has led the development of commissioning over a number of years. Their definition of commissioning is summarised as, it is the means by which we secure the best value services for local citizens within available resources. The DOH and the NHS has also jointly launched a world class commissioning programme which aims to dramatically transform the way health and care services are commissioned in this country (see appendix 2 for World Class Commissioning Competencies for Commissioners). World class commissioning is about delivering better health and wellbeing for the population, improving health outcomes and reducing health inequalities in partnership with local government, practice based commissioners and others, Primary Care Trusts (PCTs), supported by Strategic Health Authorities (SHAs). This experience has helped to scope the Council’s approach.

2.6 For Children and Young People’s Services the Department of Children & Family Services (DCSF) has defined Commissioning as the process for deciding how to use the total resources available for children, young people and parents in order to improve outcomes in the most efficient, effective, equitable and sustained way.

2.7 Commissioning activity takes place at various levels (see below). The key issue is, however, to apply consistent standards and processes (as set out in diagram 1, page 8).

- **Strategic** – commissioning is primarily about meeting the needs of a population, area or group of individuals. The outcome of which may result in a whole service being re-configured or outsourcing of services where major resources are allocated for a particular purpose over time. Strategic Commissioning may require bringing together the commissioning intentions and intelligence of the Council with for example other local statutory partners, Primary Care Trusts, with the aim of securing key community outcomes taking a long term perspective to the balance between needs, priorities and resources.
- **Locality** – commissioning devolved to communities of interest and place or groups of people with similar needs
- **Individual** – Where the individual, a family carer an individual broker, or a Social Worker arranges services to meet the individuals needs, using personal budgets, direct payments, budget holding.
- **Joint** – where two or more commissioning bodies with shared agendas work together to maximise outputs and improve outcomes to meet local needs.
- **Integrated** – working on a partnership basis and within partnership planning structures to commission services.

2.8 The Council has adopted what is described as the Sheffield Model in relation to funding the local voluntary and community (third) sector. The Model describes a mix of three types of funding relationship:-
**Shopping:** This is used to describe a situation where the Council can clearly define that it wishes to buy a service to be delivered on its behalf and uses an open Competitive Procurement Process. A growing proportion of third sector organisations have a commercial arm and are bidding for work.

**Investing:** This is used to describe a situation where the Council is looking for new or innovative ways to improve on current practice, or an organisation is approaching the Council for support to develop a new or innovative service. A procurement or Grant process may be used depending on the circumstances of the investment.

**Giving:** This is used to describe a situation where there is not an established market and the Council wishes to support the services or activities of a voluntary or community sector organisation that meets a particular priority theme, but is not directing those services or activities via a service specification. This is delivered via Grant process and may include support, core funding or funding for a specific project, service or activity.

Further guidance in relation to this can be found in the document Voluntary and Community Sector Funding Procedure to Determine Whether to Use a Grant or Contract.

2.9 In the Private Sector the term “strategic sourcing” is used rather than the term Commissioning but the process is the same.

3. **Stakeholder Involvement**

3.1 A key principle of the commissioning process is that it should be equitable, transparent and involve all stakeholders. People and places should be at the heart of commissioning with service users and communities involved throughout the commissioning process.

3.2 Increasingly, Councils are required to commission jointly or in an integrated way e.g. with Primary Care Trusts, the Police etc. Moreover, the development of personalisation will lead to citizen led commissioning of individual products and services (i.e. individuals purchasing services to meet their needs) see 2.7 above.

3.3 Where Commissioning is undertaken by Community Assemblies, they will need to identify and define the required and desired outcomes for the community they serve based on the priorities identified in their Assembly Plan. This may be for the whole area, locality, estate or village or community of interest / association. The members of the Assembly will need to be mindful of their own priorities and balance these with the needs of that community i.e. based on community intelligence, general and specific surveys, feedback, community groups, specific engagement, user and carer views, monitoring and through needs information contained within the Joint Strategic Needs Assessment to name but a few. Community Assemblies will
determine what outcomes are sought, what is deliverable and sustainable in the immediate and longer term taking into account the resources available and for how long these resources are available in order to secure what is needed. The Council will support Community Assemblies in their Commissioning and Procurement role.

3.4 The commissioning process should enable stakeholders (including people who use services) to be involved where possible in the development of the specification of need and service design. However, extreme care needs to be used in that if an individual organisation is involved they will then exclude themselves from any subsequent competitive procurement process by having unfair ‘inside knowledge’ advantage. There are ways to manage this such as using Professional / Trade Associations to represent their individual member interests or inviting individual organisations with the up front specific knowledge/agreement that they are excluding themselves from any resultant competitive process. It is vital to ensure that all organisations involved are given exactly the same information so as not to advantage any one particular organisation over another.

4 The Commissioning Process

4.1 The fundamental elements of commissioning are to analyse the needs, to specify what is required and to carry out an options appraisal regarding how best to achieve the required objective. This is the ‘upfront’ critical strategic activity, without which it is highly likely that what is provided will not achieve the required outcome(s).

4.2 A systematic options appraisal is vital. Best value cannot be achieved if organisations choose one preferred or default method of delivery without consideration of the full range of options. The range of delivery options may vary between ‘do nothing,’ in-house delivery, competitive procurement through to grant funding (and then the appropriate implementation and review).

4.3 There are many models of commissioning and most have similar characteristics in that they describe a cyclical process of activities encompassing population needs assessment, aligning resources to meet needs, developing or purchasing services and monitoring performance.

4.4 The Institute of Public Care (IPC) commissioning process links together the functions of commissioning and procurement. The series of these activities can be grouped under four key performance management elements of analyse, plan, do and review. These activities need to be viewed as sequential and of equal importance (see diagram 1 overleaf).
The principles of the inner ring “Purchasing and Contracting” equally apply to in-house service provision or grant funding arrangements. The inner circle of purchasing and contracting follows the same four key elements of analyse, plan, do and review and consists of similar activities i.e. aligned to the desired outcomes identified via the commissioning process. Whilst the commissioning process identifies needs and establishes the direction of travel to meet those needs the purchasing and contract functions are the mechanisms by which the desired outcomes may be achieved.

Therefore the outer commissioning circle must drive the inner procurement activities. However, the purchasing, contract management and market knowledge must inform the ongoing process of commissioning.

A review should be undertaken at the end of each stage of the commissioning cycle to incorporate any learning i.e. prior to moving onto the next stage.
5. **Procurement**

5.1 **Commissioning is not Procurement** although the words commissioning and procurement are often used interchangeably. Procurement (purchasing) and contract management are all activities which may be done when a Commissioning Strategy has been agreed as part of the commissioning cycle.

5.2 Procurement, is one potential option from a commissioning process and, is a business management function to identify opportunities (through supplier relationships), source, access and manage resources and assets which are needed to fulfil commissioning objectives. The procurement function operates within appropriate governance and risk management arrangements to identify and maximise market opportunities to deliver value for money, at the appropriate quality and service to deliver the best possible outcomes for the Council, its stakeholders and customers. Procurement Professionals hold information on markets, capability, cost analysis, benchmarking and provider performance through monitoring and review processes and this is vital information which Commissioners require to successfully undertake their role and provide the best possible outcomes for the Council and its citizens. The level of support provided by Procurement Professionals will be reflective of contract value, the vulnerability of service user’s and the commercial risk i.e. for low value, low risk and low vulnerability services it is anticipated that the level of support required would be minimal. Where there is a potential for procurement activity to be undertaken, Procurement Professionals must be involved at the earliest opportunity.

5.3 The activities and individual functions of Procurement and Contract Management are supported by the Council’s One Best Way approach which is a comprehensive set of policies, standards, processes and tools which underpin all procurement and contract management activity. Procurement Professionals should ensure that they comply with the Council’s One Best Way approach in respect of the procurement and subsequent contract management function.

5.4 Day to day operational contract management will normally be within the service area with the exception of major strategic contracts such as Kier (KAPS) which will be managed through Commercial Services Strategic Contract Management function.

6. **Commissioning - Analyse**

This activity under the commissioning process relates to the assessment of needs and opportunities i.e. to understand current and future population needs and priorities. It is vital that all internal and external stakeholders are identified at this stage. If a key group is missed at this stage this can cause real problems later on. Equally understanding stakeholder’s values, views and purpose, the needs to be addressed and the environment in which they operate. The activities of this element of the commissioning cycle involves:-
6.1 Clarification of priorities through a review of the legislation, national guidance, local strategies, plans and policy statements including the utilisation of existing information sources (e.g. Council surveys and questionnaires) and consultation forums. Included in this activity is also the analysis of benchmarking data and best practice information.

6.2 Understanding population needs at a city, service and individual level (undertaking a population needs assessment) i.e. The Joint Strategic Needs Assessment as our Commissioning should be driven by a clear understanding of local peoples’ needs. By learning from people’s knowledge, it is hoped that public services will become more responsive, locally accountable, and in turn, secure better outcomes. There are many ways in which we work with service users to make sure we are on track and we are working to develop new ways for diverse communities to contribute to the commissioning agenda. There is no one model for this and commissioners will need to think creatively about how to involve people.

6.3 Mapping and reviewing existing services in order to understand Provider strengths and weakness and to identify opportunities for improvement or change. Procurement Professional can assist Commissioners at this stage through their knowledge of providers and their markets

6.4 Identification of resources needed and risks involved in implementing change or continuing with the current arrangements.

6.5 Undertaking a supply and demand analysis and identifying any gaps and how these might be addressed. No assumptions should be made about the supply (market) capabilities without proper analysis as these will be constantly changing as the supply market develops

6.6 The ‘Analysis’ activities above are not just at the start of the commissioning process but also during the life of the service delivery arrangements which have already been put in place. Data is received from the ‘Review’ arrangements which are put in place and need to be analysed against any changing environmental, legislative, regulatory or customer needs.

7. **Commissioning - Plan**

Understanding the best approach and method to meet current and future needs and priorities including the development of strategies to meet those needs and priorities i.e. taking into account the national and local agenda. This element of the commissioning cycle involves:

7.1 Identification of what is needed in the future, what is available, the resources required, what plans are already in place to undertake a rigorous and comprehensive options appraisal to inform choices and identify the right solution to be implemented. The timescale required to undertake the Commissioning Process needs to scoped in proportion to the size of the task and what needs to be
achieved. The following options need to be considered, including importantly the 'Do Nothing' option:

- Do nothing (remain with current arrangements)
- In-House delivery
- Shared delivery with another public sector body
- Competitive procurement exercise
- Modernisation of existing services i.e. to ensure that they are fit for purpose going forward.
- Securing new services or ways of working
- Decommissioning of services where an existing activity will no longer meet future needs and priorities.
- Grant Funding
- (and any other appropriate options)

A point to note is that it is often quoted that the Competitive Procurement option stifles innovation/creativity. This is not correct – poor procurement or old style highly prescriptive specifications may well do this but the better solution is to have Output/Outcome based specifications which define WHAT is needed and the potential service providers can use all their innovation/creativity on HOW to deliver.

7.2 Procurement Professionals will hold information regarding:

- Market capacity and capability to develop services in particular areas.
- Component costs attributable to service area which may help measure, benchmark internal / external costs. provider performance
- Collaborative opportunities and links with procurers of similar goods or services.

7.3 The outcome of the options appraisal should inform strategy development and address how any gaps identified might be filled within available resources. Including the identification of what the priorities are, targeted actions and outcomes including the potential impact of any procurement activity. An equality impact assessment should also be undertaken at this stage

7.4 A risk analysis should be undertaken to identify potential risks involved where there is change to be implemented. The risk analysis should be proportionate to the level and complexity of the change(s) to be implemented. The risk analysis also needs to identify any risks in maintaining the current position. This work should be underpinned by a Business Case which should include a cost benefit analysis.
The service design stage needs to begin at identifying what outcomes are desired, and outlining in only the broadest terms how those outcomes can be achieved, this would for instance include any statutory or regulatory requirements. The service design stage should only go into the detail if there is a need. A market testing exercise may be carried out at this stage to test whether there are any agencies able to deliver the desired outcomes. At the Invitation to tender stage, to encourage innovation the Service Provider should be allowed to define and provide method statements regarding how the service will operate.

The method of delivery needs to be supported by clear rationale as to who will provide e.g. in-house, private or voluntary sector (following the criteria previously supplied). There may be occasions when regional or central Government funds are provided which contain constraints regarding the method of service delivery, points to note are:

(a) This is not an excuse or rationale for breaking competition law. If analysis shows that a competitive market place exists for the specific service then it is not acceptable to use alternative service delivery arrangements even if specified with the funding

(b) A full options analysis should still be carried out so all opportunities are properly considered. If this shows more beneficial options then consideration should be given to going back to the funding body to discuss these

(c) These limitations may be ‘self-inflicted’. For example has the Council in effect set these expectations/approaches in some form of bid proposal? Therefore a full options analysis needs to be completed before a bid is put forward if the method of service delivery is going to be quoted

8. Commissioning - Do

Where “do nothing” is not the chosen option, the “Do” stage involves ensuring that what is needed is delivered i.e. as planned, in an effective and efficient way in accordance with the strategy. This element of the commissioning process involves:-

8.1 Ensuring that the correct level of authorisation and approval is obtained prior to the implementation of what is planned.

8.2 Review of the equality impact assessment undertaken as part of the planning stage

8.3 Advising stakeholders of the commissioning intentions.

8.4 Market development which can take a number of forms such as incentives etc (i.e. where the market analysis has identified that there is currently no one with the capacity or capability to deliver). The strategy maybe to provide a grant initially to
specifically encourage the market to develop with a view to undertaking a competitive procurement process as soon as it is practicable to do so.

8.5 Market Management which involves an understanding about who the Providers are currently operating in the locality, what they are able to deliver and where to make sure that there is (or will be through a procurement exercise) a good mix of Providers available to meet desired objectives.

8.6 Development of good communication and effective relationships with current and potential Providers and establishment of required quality standards and measures.

8.7 Regardless of the service delivery option chosen the principles of good commercial practice will still apply. The depth of these will be driven more by the value and therefore risk rather than the service provider. So for instance a low value grant may get a very light touch. In all instances the following should exist:

- Clear definition of services to be delivered with associated terms and conditions (e.g. duration, payment arrangements). In a commercial relationship this will be via a contract. For an in-house arrangement this will be via a Service Level Agreement (SLA) and where Grant Funding is provided, through a Grant Aid Agreement. A suite of model documents for all of these arrangements are available from Commercial Services.

- Clear definition of performance measures and review arrangements

- Clear definition of roles and responsibilities for both parties (The Council’s Intelligent Client approach provides important guidance in this area)

**Case Example**

In May 2008 each local authority was awarded a 3 year ring fenced grant to facilitate long term support for stroke services. As the grant funding had to be utilised in each consecutive year a speedy but robust commissioning plan was required.

The commissioning process took account of national information

- National policy directives, including the National Stroke Strategy,
- Service users and carer views from the Stroke Survivors view
- Incidence and prevalence rates of stroke

And local information

- Views from small scale consultation with service users and carers of stroke survivors
- Bench marking of information and good practice from other local authorities
- Information from joint work with the PCT and the stroke commissioning group

A detailed and time limited service specification was established to meet with the needs and demands identified above. As the service was specific and niche a waiver of standing order was agreed to enable service development with a preferred provider – The Stroke Association. Negotiations were held with the provider and the model of service developed which would both meet the requirements of the grant, the needs of service users but which would also provide best value to the citizens of Sheffield.

Following detailed negotiations a contract was let with the Stroke Association in February 2009.
This service has since been cited as a good practice example in the Local Authority Circular re stoke services.

8.8 Decommissioning

The need to decommission services is normally brought about where Commissioners and Procurement Professional are faced with a market that has either an over supply of services, where services are below standard or no longer suitable for the nature of the demand or where demand no longer exists. The key activities involved in decommissioning are:-

- Preparation and identifying specific services for decommissioning i.e. ensuring that a robust project and risk management infrastructure is in place.
- Establishing the legal, financial, commercial risk and / or liability.
- Stakeholder engagement prior to putting plans into action, establishing the appropriate communication methods to inform Stakeholders and ensuring that the appropriate people are involved at every stage of the decommissioning process. Initial discussions involving a proposed decommissioning of a service should take place at the highest level within that organisations i.e. rather than with the staff involved in the delivery of the service.
- Anticipating and understanding the response and potential impact on service users, the Council, staff and partner agencies i.e. to minimise exposure and to effect a smooth transfer for service users.
- Formal transfer and termination of current arrangements.

9. Commissioning - Review

9.1 There are three main aspects to the Review element of the commissioning process these are:-

- The review of the overall performance of the service delivery arrangements (see 9.1.1)
- The review of the market to see how and if it has changed and the impact of any development opportunities initially put in place (see 9.1.2).
- A benchmarking review to look at any emerging government initiative, changes to EU policy or direction and to benchmark against what other Local Authorities are doing and emerging best practice (see 9.1.3).

9.1.1 Performance Evaluation

The review of the contractual or grant arrangements in place must be underpinned by robust performance measures and management. It is vital that through
monitoring and evaluation, an analysis can be undertaken to understand whether services and or activities:-

- Are well aligned to meet the needs of citizens (analysing feedback from citizens)
- Continue to meet national and local priorities
- Represent good quality and good value for money
- Present a significant risk of failure

Activity, cost and performance data is gathered through the life of a contract by Procurement Professionals as part of the intelligent client model. This information should contribute to the work undertaken by Commissioners.

9.1.2 Review of the Market

A review of the market needs to be undertaken to ascertain:-

- Whether and how the market has developed and changed over time, what the potential impact is to inform future commissioning decisions
- The current capability and capacity of service providers
- If any interim grant funding has achieved the objective of developing the market.
- The duration of all service delivery arrangements, whether contractual or grant based, should be set to allow flexibility to adopt to changing market dynamics. So if an interim grant funding has achieved its objective of stimulating a new supply market then it will be time to move from grant funding to competitive procurement. The key is that these changes are properly explained to existing providers and to the market place with sufficient time built in to allow a proper planned change of arrangements.

9.1.3 Benchmarking Review

The benchmarking review will look at:-

- Emerging government policy changes and the potential impact on current service delivery
- Changes in EU policy or direction and the impact
- What other Local Authorities and Partner agencies are doing, best practice changes and potential impact.
Case Example

A support service for carers, funded by the City Council, was being delivered by an in-house social care provider. There were concerns that it was underused and not providing value for money. Following discussions with carers facilitated by the Carers Centre a pilot was set up in part of Sheffield with a social enterprise organisation. It was used to test different ways in which carers could both access and receive support. The carers’ comments echoed recommendations made in local and national strategies.

The pilot ran for 12 months and was carefully evaluated. The evaluation demonstrated that the pilot service better outcomes for carers and greater take-up. It formed part of a business case which informed a decision to re-direct all the original funding to develop a citywide service.

The service specification was changed to reflect comments made by carers in the evaluation. This was in turn shared with potential providers, prior to a tender process, to ensure that it was viable on a larger scale.

Following a robust procurement process the contract was awarded to a voluntary sector provider experienced in delivering support to carers.

10. Supporting and Maintaining this Commissioning Process

10.1 This Commissioning Process has been formally approved by the Executive Management Team (EMT) and applies across Sheffield City Council and it is maintained by Commercial Services.

10.2 It is intended that this document will be reviewed regularly, at least annually, and updated/re-issued to capture evolving best practice and operational experience. This includes benchmarking with other Councils, lead organisations and professionals.

10.3 All requests for associated training, support or other assistance, together with any feedback, improvements, case studies etc should be directed to: CommercialServices@sheffield.gov.uk or Denise Bann at denise.bann@sheffield.gov.uk. Commercial Services will provide training, support, and mentoring to assist the implementation of this process.

10.4 All processes require periodic review to ensure that they are being fully utilised and this will be undertaken by Commercial Services with support as required from internal audit.
Appendix 1

COMMISSIONING CHECKLIST

Commissioning and Procurement activities involve close working between Commissioners and Procurement Professionals

<table>
<thead>
<tr>
<th>Stages</th>
<th>Commissioning Lead</th>
<th>Procurement Lead</th>
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<tbody>
<tr>
<td>1. Analyse</td>
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<tr>
<td>• Identify ALL internal and external Stakeholders</td>
<td>✓</td>
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</tr>
<tr>
<td>• Understand what the views, values and purpose of all Stakeholders</td>
<td>✓</td>
<td>Support from Procurement</td>
</tr>
<tr>
<td>• Establish priorities through reviewing:-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Legislation</td>
<td>✓</td>
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<tr>
<td>o National Guidance</td>
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<td>o Local Strategies</td>
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<td>o Plans</td>
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<td>o Policy Statements</td>
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<tr>
<td>• Understand and take into account what the existing sources of information are saying (i.e. from consultation, benchmarking, Community Assembly Plans and Profiles, surveys, Joint Strategic Needs Assessment (JSNA))</td>
<td>✓</td>
<td>Support from Procurement</td>
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<tr>
<td>• Map and review existing services</td>
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<tr>
<td>o How many people are currently using services and what is the user profile?</td>
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<tr>
<td>o Does this reflect the local population?</td>
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<tr>
<td>• What is the pattern of the provider market and how does this accommodate communities with specific requirements including provider strengths and weaknesses?</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>• What proportion of services in each area are provided by different sector providers?</td>
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<tr>
<td>• Is there benchmarking activity to compare with other similar local authorities?</td>
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<tr>
<td>• Identify opportunities for improvement and/or change</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Identify resources needed and risks involved in implementing change or carrying on with current arrangements</td>
<td>✓</td>
<td>Support from Procurement on Provider risks</td>
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<tr>
<td>• Undertake a supply and demand analysis and identify any gaps and how these might be addressed</td>
<td>✓</td>
<td>Support from Procurement</td>
</tr>
<tr>
<td>2. Plan</td>
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<td></td>
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<tr>
<td>• Undertake an Options Appraisal – Consider</td>
<td></td>
<td>Support from Procurement</td>
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<tr>
<td>o Do nothing</td>
<td></td>
<td></td>
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<tr>
<td>o In-House delivery</td>
<td></td>
<td>✓</td>
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<tr>
<td>o Shared delivery</td>
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<tr>
<td>o Competitive procurement</td>
<td></td>
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<tr>
<td>o Grant funding</td>
<td></td>
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<tr>
<td>o Any other options</td>
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<tr>
<td>• As part of developing the options include an Equality Impact Assessment</td>
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</tr>
<tr>
<td>• Scope timescale – Proportionate to the task and what needs to be achieved</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>
- Develop the commissioning strategy i.e. based on a good options analysis
  - Identify priorities and actions and how any gaps might be filled (within resources)
- Does the strategy deal with short, medium and long-term objectives?
- Take into account how you will evaluate whether or not your objectives are reached and desired outcomes achieved

- Undertake a risk analysis underpinned by a business case i.e. a part of which needs to include a cost benefit analysis. (The risk analysis should be proportionate to the level and complexity of the changes proposed)

- Establish what the potential impact is likely to be regarding any procurement activity
- Identify required outcomes and broadly how these might be achieved
- Undertake market testing (if required) i.e. to test whether there are any agencies able to deliver desired outcomes
- Identify the funding stream and duration of available funding

3. Do
- Seek appropriate approval / authorisation prior to implementation (review equality impact assessment)
- Provide information to Stakeholders regarding commissioning intentions i.e. which will either :-
  - Modernise existing services
  - Secure new ways of working
  - Or decommission services
- Modernise current arrangements
- Market development based on market knowledge and the outcome of market testing (where undertaken)
- Develop the procurement plan and timetable
- Undertake meet the Buyer events
- Develop:-
  - Contract or SLA or Grant criteria
  - Terms and conditions
  - Specification
  - Performance measures
  - Governance arrangements
- Undertake procurement activity (advertise, issue tender documents, evaluate bids, award contract)
- Decommission services as required
- Implement new service
- Establish and implement monitoring arrangements (plans and frequency)

4. Review
- Undertake service, performance evaluations
- Review market
- Undertake benchmark review to look at any emerging initiatives
- Feed back into the Commissioning Cycle

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World Class Commissioning Competencies

Commissioning competencies are the knowledge, skills, behaviours and characteristics that underpin effective commissioning. When put into practice they become capabilities. World class commissioners will secure effective strategic capacity and capability to turn competence into excellence, transforming people’s health and well-being outcomes at the local level, while reducing health inequalities and promoting inclusion*.

World Class Commissioning Competencies are described by a series of 11 headlines. These require that commissioners:

1. Are recognised as the local leader of the NHS
2. Work collaboratively with community partners to commission services that optimise health gains and reductions in health inequalities
3. Proactively seek and build continuous and meaningful engagement with the public and patients, to shape services and improve health
4. Lead continuous and meaningful engagement with clinicians to inform strategy, and drive quality, service design and resource utilisation
5. Manage knowledge and undertake robust and regular needs assessments that establish a full understanding of current and future local health needs and requirements
6. Prioritise investment according to local needs, service requirements and the values of the NHS
7. Effectively stimulate the market to meet demand and secure required clinical, and health and well-being outcomes
8. Promote and specify continuous improvements in quality and outcomes through clinical and provider innovation and configuration
9. Secure procurement skills that ensure robust and viable contracts
10. Effectively manage systems and work in partnership with providers to ensure contract compliance and continuous improvements in quality and outcomes
11. Make sound financial investments to ensure sustainable development and value for money

*Department of Health
Glossary of Terms

**Benchmarking**
Comparison of performance against other providers of similar services, particularly those recognised as adopting best practice.

**Best practice**
The most effective and desirable method of carrying out a function or process derived from experience rather than theory.

**Best value**
Arrangements to secure continuous improvement in the exercise of an Authority's functions, having regard to a combination of economy, efficiency and effectiveness as required by the Local Government Act 1999; the relationship between worth and cost.

**Client**
Is the Service Owner.

**Commissioning**
A proactive strategic role in planning, designing, and implementing the range of services required.

**Commissioning Plan**
Primary focus on the needs and aspirations of service users. Setting out the framework for deciding how best to deploy resources strategically and purposefully to improve outcomes whilst making the best possible use of and involving all Stakeholders.

**Commissioner's Role**
To bring resources and strategic direction to the commissioning process.

**Competitive Procurement**
Awarding contracts by the process of seeking competing bids from more than one firm.

**Contract**
A binding agreement made between two or more parties, which is intended to be enforceable at law.

**Contract Management**
Is the process that ensures that all parties to a contract understand their respective obligations, enabling these to be fulfilled as effectively as possible to deliver excellent quality and maximise value for money (see Intelligent Client Model).

**Decommissioning**
Is the process of planning and managing a reduction in service activity or terminating a contract in line with commissioning objectives.
**Evaluation**
Detailed assessment and comparison of service providers against financial, activity and quality criteria.

**Joint Strategic Needs Assessment (JSNA)**
Describes a process that identifies current and future health and wellbeing needs in light of existing services, and informs future service planning taking into account evidence of effectiveness.

**Legislation, Guidance and Regulatory Standards / Requirements**
Legislation is law which has been made known by a legislature (e.g. government) or other governing body. Guidance provides direction or advice as to a decision or course of action. Regulatory Standard and Requirement are created to enforce the provisions of legislation.

**Member**
Elected member of the Council.

**Procurement**
The process of acquiring goods, works and services, covering acquisition 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.

**Procurement Professional**
Are staff holding a qualification recognised by the Chartered Institute of Purchasing and Supply (CIPS) or staff who have 5 years or more experience in running procurement processes. All tendering over £25,000 has to involve a Procurement Professional.

**Quality**
The level of fitness for purpose which is specified for or achieved by any service, work or product.

**Risk**
The probability of an unwanted event occurring and its subsequent impact.

**Service User**
Means the person living within the boundaries of the Council's area who requires the Service.

**Specification**
A description of requirements and standards to which the goods, works or services should conform. Also known as a statement of needs, a statement of requirement, an operational requirement, or a brief. Its purpose is to present prospective suppliers with a clear, accurate and full description of the organisation's needs, to enable them to propose a solution to meet them.

**Stakeholder**
An individual or organisation that has an active interest or a stake in a particular organisation or issue. For example, Funders, Members, Suppliers, Purchasers, Trustees, Beneficiaries, Volunteers, Partner Agencies, Service users, Carers and Staff.
Standards
This includes standards covering goods, works or services which have been certified as having met the requirements of specific standards within designated schemes. They may have been awarded “Kite mark” status.

Standing orders
The Council’s rules and procedures that govern its activities, including procurement of goods, works and services.

Value for money (VFM)
The provision of the right goods and services from the right source, of the right quality, at the right time, delivered to the right place and at the right price (judged on whole-life costs and not simply initial costs). VFM does not necessarily mean the cheapest, it involves a robust evaluation of quality of an item or service against the cost of that item or service i.e. to meet specified requirements.
Appendix 4

Sources of Information / References

Children and Young People’s Services in the East Midlands – Regional Framework to Support Commissioning (Handbook)

A How to Guide to Strategic Commissioning – Local Government Chronicle (LGC) and the Health Service Journal (HSJ) Conference

Strategic Commissioning Briefing Paper – Communities and Local Government

Achieving effective joint commissioning to improve outcomes (Lessons from a Children’s Trust) – Devon County Council

National Programme for Third Sector Commissioning – Improvement and Development Agency (I&DeA)

North West Commissioning Roadmap – Supporting commissioning of health and well being services - Directors of ADSS, DOH North West, NHS North West, North West Joint Improvement Partnership

Commissioning Support Group – Better outcomes for young people

Key Activities in Commissioning Social Care – Care Improvement Partnership (CSIP) and Institute of Public Care (IPC)

Developing a commissioning strategy in public care – CSIP Health and Social Care Change Agent Team

Finally, thank you to Commissioning and Procurement all staff who have been involved or contributed to the writing and delivery of this Commissioning Process:-