

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Strategic Commissioning Committee
<b>DATE</b>	28 <sup>th</sup> August 2019
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Strategic Commissioning Approach
<b>REPORT NUMBER</b>	COM/19/329
<b>DIRECTOR</b>	Rob Polkinghorne
<b>CHIEF OFFICER</b>	Craig Innes
<b>REPORT AUTHOR</b>	Craig Innes
<b>TERMS OF REFERENCE</b>	Purpose 6 and Remit 2.2

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### 1. PURPOSE OF REPORT

- 1.1 The report outlines the activities that have been taken to embed a strategic commissioning approach across the Council in order to enhance integrated service provision and deliver the Council's commissioning intentions. It also describes and seeks the Committee's agreement of a joint strategic commissioning approach to be taken by both Aberdeen City Council and Aberdeen Integrated Joint Board.

### 2. RECOMMENDATION(S)

That the Committee:

- 2.1 Approve the joint commissioning approach, described in Appendix 1, to be adopted by the Council, noting that the approach will be submitted to the Aberdeen City Integration Joint Board (IJB)
- 2.2 Note progress in the development and implementation of the commissioning approach as described in Appendix 2
- 2.3 Instruct the Chief Officer Governance to bring forward the results, including any proposals for decommissioning and recommissioning strategies, of the review of Council and IJB strategies to the Strategic Commissioning Committee (and the IJB), as highlighted in Appendix 2

### 3. BACKGROUND

- 3.1 The Strategic Commissioning Committee approved a report in November 2018 which explained the stages that would be undertaken to implement a commissioning approach. This report (August 2019) provides further detail relating to the activities that have been embedded since and how this will evolve going forward.

#### 4. FINANCIAL IMPLICATIONS

- 4.1 There are no immediate financial implications arising from the recommendations contained within this report, however, the ongoing implementation of the proposed commissioning approach will have implications for the allocation and deployment of financial and non- financial resources. The approach, as outlined throughout the report, is in line with the Council's approved Target Operating Model.

#### 5. LEGAL IMPLICATIONS

- 5.1 An Equality and Human Rights Impact Assessment has been completed reflecting the Council's transition to a commissioning approach, this continues to be reviewed and updated. The Committee is asked to have due regard to this as part of its decision making around the proposed approach to commissioning within the Council. The EHRIA can be found at <https://www.aberdeency.gov.uk/services/people-and-communities/equalityand-diversity/equality-and-human-rights-impact-assessments>.

#### 6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
<b>Financial</b>	The commissioning approach does not sufficiently support reductions in demand and spend required to respond to budgetary constraints.	M	The design and implementation of the commissioning approach will be fully integrated with the Council's budget process and governance model.
<b>Legal</b>	Failure to maintain statutory duties.	M	Statutory duties are part of the commissioning decision-making process.
<b>Employee</b>	Skills and knowledge are not in place to effectively implement commissioning approach.	M	The skills audit and commissioning development programme will enable staff to develop commissioning skills and knowledge.
<b>Customer</b>	Customer feedback does not sufficiently inform commissioning.	M	Customer engagement is a key process within this commissioning approach.
<b>Environment</b>	None.		n/a

<b>Technology</b>	Failure to use digital opportunities.	L	Digitisation and new technologies will be a key consideration in any commissioning or recommissioning activity.
<b>Reputational</b>	Services do not deliver expected outcomes, customer standards or cost effectiveness.	M	The commissioning approach will be evidence based; be inclusive of customers, partners, providers; be integrated with the budget process; include robust contract management and outcome-focused.

## 7. BACKGROUND PAPERS

None.

## 8. APPENDICES

Appendix 1 - A Joint Strategic Commissioning Approach by Aberdeen City Council and Aberdeen Integrated Joint Board

Appendix 2 - Development and Implementation of Commissioning Approach 2018/19 to date

Appendix 3 - Commissioning Business Case Template

## 9. OUTCOMES

<b>Local Outcome Improvement Plan Themes</b>	
	<b>Impact of Report</b>
<b>Prosperous Economy</b>	The commissioning approach will be using the LOIP as a key driver for improvement. Being Prosperous will be included within priority setting processes.
<b>Prosperous People</b>	The commissioning approach will listen to and engage with the People of Aberdeen. This will be via a range of engagement tools and channels.
<b>Prosperous Place</b>	The commissioning will be using the LOIP and will consider the concept of 'place' as its commissioning approaches going forward.

<b>Design Principles of Target Operating Model</b>	
	<b>Impact of Report</b>
<b>Customer Service Design</b>	This report will further enhance the focus on the Customer in the way we design services.
<b>Organisational Design</b>	It will be important that the Council embeds this approach in the capability of its staff.
<b>Governance</b>	There will be close working between the Strategic Commissioning Committee and the key stages outlined in this report.
<b>Workforce</b>	A key aspect of developing this approach will be the development and involvement of key staff within the new commissioning function and across the wider workforce.
<b>Process Design</b>	Co-design of future provision and the development of outcome-based specifications will be an important aspect of this new approach.
<b>Technology</b>	The use of digital technology will be central enabler as this approach develops.
<b>Partnerships and Alliances</b>	This new commissioning approach will seek to build partnerships as improving outcomes will be enhanced by joint effort.

## 10. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Equality &amp; Human Rights Impact Assessment (EHRIA)</b>	An EHRIA has been completed.
<b>Data Protection Impact Assessment</b>	Not required here but shall be provided to Committees as required along with the LOIP and the Population Needs Assessment.
<b>Duty of Due Regard / Fairer Scotland Duty</b>	Covered in the EHRIA.

## 11. REPORT AUTHOR CONTACT DETAILS

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## **APPENDIX 1**

### **A JOINT STRATEGIC COMMISSIONING APPROACH BY ABERDEEN CITY COUNCIL AND ABERDEEN INTEGRATED JOINT BOARD**

#### **CONTENTS**

1. What is strategic commissioning?
2. Strategic commissioning elements
3. Relationship between strategic commissioning, procurement and contracting
4. Roles and responsibilities within a strategic commissioning
5. Workforce capability and development to support strategic commissioning

## **SECTION 1: WHAT IS STRATEGIC COMMISSIONING?**

### **What do we mean by strategic commissioning?**

Strategic commissioning is the term used for all the activities involved in assessing and forecasting needs, linking investment to agreed outcome, considering options, planning the nature, range<sup>1</sup> and quality of future services and working in partnership to put these in place.

As per the Scottish Government's guidance<sup>2</sup>, the focus of strategic commissioning should be less about how things are done currently and more about how it should be done in the future. The real added value being enabling the shift of resources to deliver commissioning intentions within an outcome-based performance framework.

Most models of commissioning emphasise a cyclical nature, with strategic commissioning providing the context for procurement and contracting. The cycle is sequential and of equal importance to one another. The cyclical nature of analyse, plan, do and review bring strategic plans to life. Outcomes for people must be at the centre of a commissioning model.

Strategic commissioning is crucially about establishing a mature relationship between different partners from across the public, third and independent sectors in a way which will help to achieve the best services for the population. Every partner has a role to play in strategic commissioning process and that is why it is important that local arrangements promote mature relationships and constructive dialogue.

### **What do we mean by joint commissioning?**

The creation of integration authorities, as a result of the Public Bodies (Joint Working (Scotland) Act 2014 now requires us to undertake joint commissioning between the Council and NHS Grampian. Joint commissioning is a complex strategic activity combining traditional disciplines of strategic planning, service design, procurement, internal service planning and performance management, and applying these disciplines in a new multiagency environment.

System leadership is often referred to, but it is a term with many meanings. In the context of joint commissioning, system leadership means both shared and collective leadership between the Council and the NHS, but also including providers and other partners, such as the voluntary and community sectors. It needs to be inclusive, actively seeking the views of people and communities, and of front-line staff. Like all good leadership, it requires clear accountability, with leaders holding each other to account, as well as being held to account by local people.

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<sup>1</sup> Joint Strategic Commissioning – A Definition: Strategic commissioning steering group June 2012

<sup>2</sup> Strategic Commissioning Plans for Guidance

As policy places greater emphasis on individual choice and control through self-directed support and person-centred care, the role of public agencies as facilitators of service development, rather than only as direct purchasers or suppliers, will also become more important.

People involved in commissioning may already have experience in some aspects of the overall cycle, and with particular service areas, but they now need to draw on new models, new relationships and new skills to enable joint strategic commissioning.

Where money comes from will no longer be of consequence to the service user, customer or patient. What will matter instead will be the extent to which partnerships achieve the maximum possible benefit for service users and patients, together and against the backdrop of shared outcomes and an integrated budget.

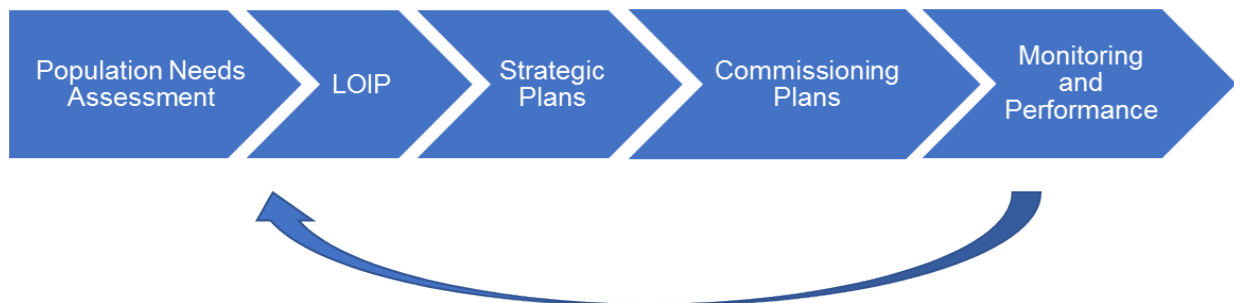
By strengthening our system wide approach and collaboration we will start to better understand the impact we can make, where these impacts can make a significant difference and what the planned change should be to shape future demand. This understanding and analysis can facilitate a redesign and commissioning of future services to meet the current and predicted population needs. A radical reform in the way we currently look at and deliver services is required, with a staged and managed collective journey to reduce silos and bring collaboration and system thinking to our approach.

## SECTION 2: STRATEGIC COMMISSIONING ELEMENTS

The Council and the Aberdeen City Health and Social Care Partnership (AHSCP) have jointly designed an approach to be adopted during any commissioning activity. This approach reflects recommendations made in the Scottish Government guidance document, 'Strategic Commissioning Plans Guidance 2015', namely:

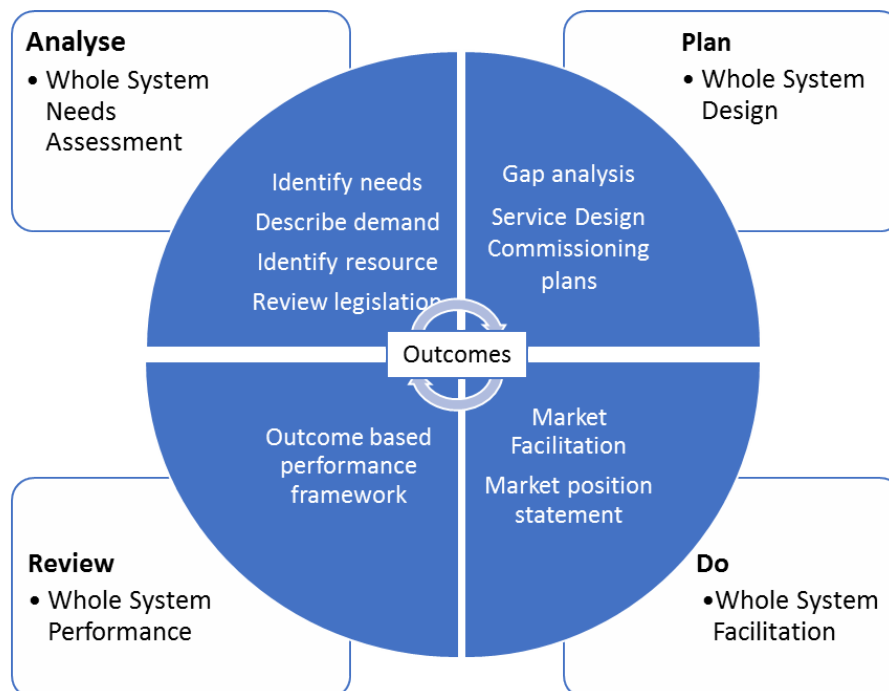
- Linked to strategy and outcomes
- Collaborative approach
- Based upon population needs assessment
- Shifting demand focus to preventable demand through early intervention and prevention

The figure below shows the strategic planning cycle within which our joint strategic commissioning approach is placed, ensuring that the link to strategy and outcomes is continuously maintained across our commissioning activity.





Within the strategic planning cycle, the following figure shows the 4 key elements of our strategic commissioning approach.



### 3.1 Whole system needs assessment

This is an analysis stage in the strategic commissioning process. It is at this stage that we start to understand and express the needs of the population across the City, within localities and into smaller neighbourhoods.

Of critical importance to this process is the completion of a Population Needs Assessment (PNA). A PNA allows us to better predict the demands to be placed on the Council, the ACHSCP, and other partner organisations. A greater understanding of the demand, and the drivers of demand, supports informed decision making about how best to meet the needs of the population, whilst at the same time making a determined and positive shift towards preventing demand through early intervention and prevention.

A PNA was developed in 2018, which underpinned the refresh of the Local Outcome Improvement Plan (LOIP), which in turn determined the content of both the Council Delivery Plan and the ACHSCP Strategic Plan.

The PNA is being continually updated as data becomes available and each iteration of the PNA is resulting in more in-depth of analysis.

The PNA, by definition, includes a very broad range of data and analysis, drawn from multiple sources across multiple partners. During 2018 and 2019 significant steps have been taken to build increasingly close working arrangements between partners in relation to data, information and analysis. The refreshed LOIP makes a commitment to shared intelligence across all partners.

In addition to understanding the needs of the population, we also have to give regard to the legal duties being placed on both the Council and ACHSCP. Work has been undertaken to develop a legislative tracker system which will enable us to understand the duties being placed on the whole system. Annually the Scottish Government publish a “Programme for Government” setting commitments to changes in both legislation and policy, many of which will have primary or secondary impact on the planning, funding and delivery of services. It is critical that the potential impact of any proposed changes is understood as early as possible; that opportunities to influence proposed changes are fully taken; and that scenario planning is undertaken on the basis of likely changes.

### **3.2 Whole systems design**

This stage is concerned with identifying the gaps between what is needed and what is available and planning how these gaps will be addressed, reflecting best practice recommendations, and public consultation, within available resources.

The opportunities through multi-agency working allow us to consider system wide approaches and solutions to planning. Activities include:

- Undertaking a gap analysis to review the whole system and identify what is needed in the future, based upon what we know about the needs of the population; and
- Based upon this information, designing services to meet needs, with technological solutions being a central consideration.

To support the creation of a gap analysis, we need to understand the available capacity within the Council, ACHSCP, NHS Grampian and the Community Planning Partnership more broadly.

Work is underway across multiple agencies to develop an approach to demand management. This is providing a means to classify the nature of demand and gain greater understanding of responding to this demand. The intent is to understand the flow of demand through the perspective of the service user, customer or patient and therefore how services are being used and provided.

A joint strategic commissioning approach provides the opportunity to design services, to meet that demand differently and, in so doing, strengthen the resilience of the population and reduce the demand upon services. This constitutes a shift away from negative demand to value demand.

The following classification of demand is being adopted:

1. Value demand - these are the demands we want customers to place on the system they should reflect the reason for our being. And reflecting the Scottish Government’s own recommendations, preventing demand through earlier intervention is a positive step to take.
2. Negative demand - turning off negative demand has an immediate impact on our capacity. We can further sub divide negative demand into:

- Failure demand - demand from service failure or poor design
- Avoidable demand - demand arising from behaviours that can be influenced or changed
- Excess demand - providing a higher level of service than is needed
- Co-dependent demand - demand unintentionally reinforced and entrenched by service dependence
- Preventable demand - demand which could have been prevented by intervening earlier

This classification of demand is being used to produce a detailed analysis of demand across all commissioned services, including those commissioned within the Council and its group structure of ALEO's or externally within the supply chain.

To enable us to consider the design of services, an appropriate response is required to each category of demand. These will cover short, medium and long term responses. In broad terms, removing failure demand and avoidable demand is likely to be deliverable as short term wins; redesigning services around customers to remove excess demand / co-dependent demand will deliver medium term benefits; whilst proactively removing the causes of preventable customer demand could require more fundamental and long-term change. This demand management methodology is currently supporting the redesign of services and progress is being made towards identifying and managing multi-agency demand.

Capacity will move up stream to the design of services based upon assessment of need and the strategic approach to meeting that need. Our assumption is that if we increase capacity in the planning stage, our procurement intent will become clearer, and the development of contracts will be less time consuming. The overall ambition is to make known our commissioning intent. The purpose of this is predominantly to inform the market of planning and commissioning intentions for the future, to afford better opportunities for market stability, and to encourage wherever possible and appropriate, new investors to the City. We will do this in the form of a strategic commissioning pipeline, which describes our intended activity over the next 3 years. This pipeline will link to financial planning mechanisms.

It should be acknowledged that through whole system design, we will make recommendations for both commissioning and decommissioning of services. The National Audit Office has developed key recommendations to be adopted as best practice during the decommissioning cycle. These recommendations include good communication, a focus on outcomes for people rather than on services and a clear rationale for decision making. We will work with providers, service users and local communities throughout the decommissioning process to identify alternative solutions to make the necessary change when appropriate.

### **3.3 Whole system facilitation**

Ensuring that the services needed to meet the needs of the population are delivered as planned and in ways which efficiently and effectively deliver the intentions and outcomes agreed, is the concern of this aspect of the cycle. Activities associated with this stage includes the development and sustainability of the local provision. In particular, ensuring that there is sufficient supply and capacity to ensure a mix of service providers to offer service users an element of choice in how their needs are met.

Whole system facilitation calls for strengthening relationships with existing and potential providers. This can be defined as market facilitation. Market facilitation comprises three key components:

- **Market Intelligence** - the development of a shared perspective of supply and demand between commissioners and providers, through shared intelligence. The IJB is required to produce and publish an annual Market Position Statement (MPS). The Council is not required to publish a market position statement, however an Annual Procurement Strategy is required and the content of this strategy includes the commissioning intentions for each financial year. The MPS and the Procurement Strategy send a clear signal about the commissioning intent, allowing businesses and services to organise themselves and prepare for opportunities.
- **Market Structuring** - sets out how the market will operate and includes communication, monitoring and working together to improve outcomes.
- **Market Intervention** - based upon commissioning intent and market intelligence, interventions to support delivery of commissioned services.

The Government's intention is that service users and carers themselves should increasingly assume the lead role in commissioning services to meet their own individual needs. Direct payments are the basis for enabling self-directed support. The Social Care (Self-directed support) (Scotland) Act 2013 recognised that choice and control for supported people cannot happen unless there is a sustainable market of providers and services to choose from. As the market moves from monopsony (where there is a single buyer) towards a marketplace, the role of the Council and ACHSCP will change from manager to facilitator, working in partnership to deliver personalised, quality support to the people that need it.

### **3.4 Whole system performance**

This element is concerned with monitoring the impact of services and analysing the extent to which they have achieved the intended outcomes.

The refreshed LOIP establishes a multi-agency outcome framework which ensures that a logical and systematic approach is taken to the delivery of outcomes through aligning planning, activity, performance monitoring and review, through the structures and governance of Community Planning Aberdeen.

In turn, partners reflect the shared ambition and priorities of the LOIP within their own organisational strategic plans i.e. the Council Delivery Plan and the ACHSCP refreshed Strategic Plan. These were both approved in March 2019 and include commitments, targets and measures from the LOIP.

Work is underway to further develop and integrate a partnership wide Outcome Based Performance Framework which reviews and analyses performance against shared outcomes.

It is important that outcome-based performance management is fully developed and becomes embedded in a regular cycle of commissioning. This means that in each strategic commissioning plan, and in each subsequent procurement, there is explicit measurement and review of performance both in terms of the delivery of services, but also of the impact which commissioning and procurement has on delivering outcomes.

### **SECTION 3: RELATIONSHIP BETWEEN STRATEGIC COMMISSIONING, PROCUREMENT AND CONTRACTING**

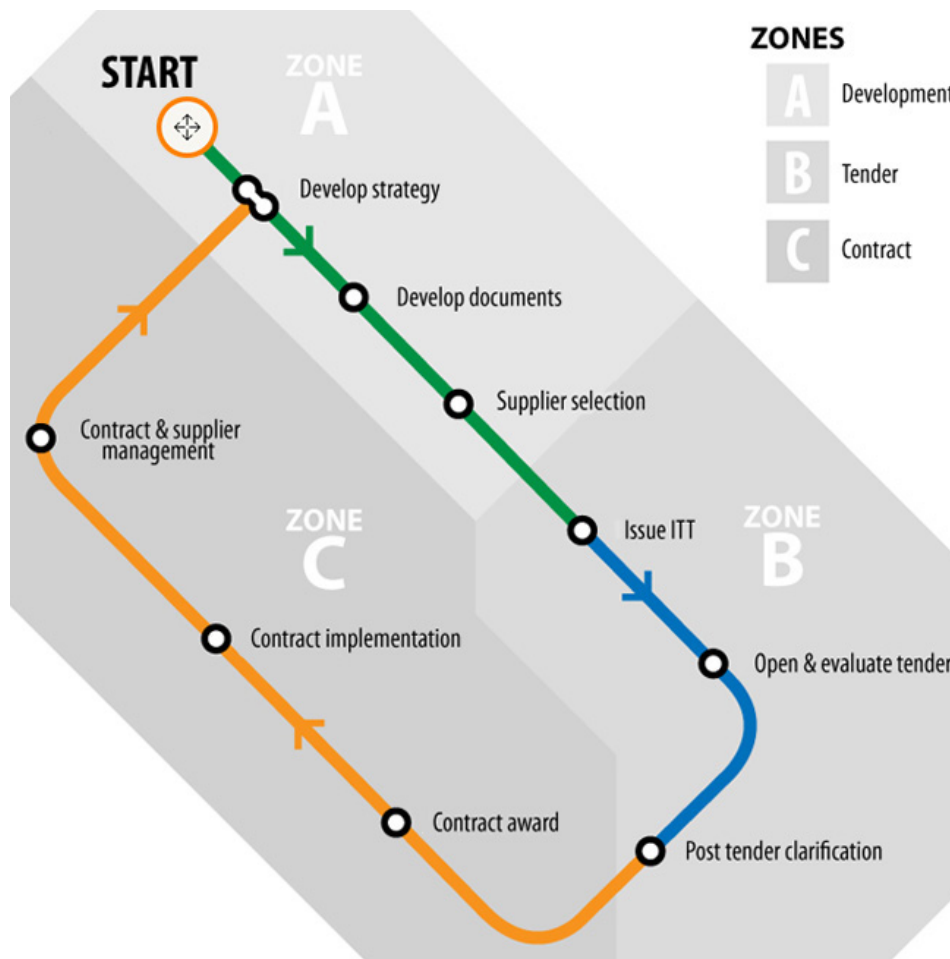
Procurement planning acts as the bridge between strategic commissioning and procurement. As a result of the Procurement Reform (Scotland) Act 2014, contracting authorities are required to prepare a procurement strategy, setting out how the authority intends to carry out procurement. A group of 2 or more contracting authorities may have a joint procurement strategy. Contracting authorities are required to ensure that its procurement is carried out in accordance with its strategy and it is required to prepare an annual procurement report. A brief outline is detailed in the Annual Procurement Strategy section below.

The IJB is not a contracting authority, directions are issued by the IJB which may require the Council or NHS Grampian to procure services. Therefore, the IJB's procurement processes are already aligned to those of the Council and NHS Grampian.

The Council has adopted the national procurement journey which supports all levels of procurement activity. There is specific process for procurement exercises below £50,000 and a separate process route for higher value, more complex needs. The processes facilitate best practice and consistency.

The national procurement journey provides one source of guidance and documentation for the Scottish public sector which is updated on a continual basis with any changes in legislation, policy and also facilitates best practice and consistency. The Council's procurement journey has been further developed as an online tool with a supporting guidance manual tailored specifically for both IJB and Council requirements. These tools are compliant with the Public Contracts (Scotland) Regulations 2015, Procurement (Scotland) Regulations 2016 and the statutory guidance. The national procurement journey was updated in March 2017 to include Care and Support Services procurements.

The diagram below shows the process flow of the 3 main zones: A - Development; B - Tender; and C - Contract.



The market analysis, spend analysis and specification build are the main activities undertaken in Zone A. A prime focus is on demand management through improvement of specifications targeted on outcomes and performance, spend consolidation, standardised needs and how to reduce consumption.

Zone B is more transactional and procedural in nature involving the progression of the agreed procurement route to market and the publishing and advertising of documentation.

Zone C is focussed on the procedures from actual contract award to subsequent mobilisation of suppliers and contract implementation and management.

At each of the processes within each of the Zones, online guidance and template documentation is sequentially followed and populated by the Procuring Officer. Each Procuring Officer will now undertake a training programme which is proportionate to the level of spend and the complexity of the need they are involved with. On completion of the training, the Procuring Officer will receive Delegated Procurement Authority status.

The Council and IJB take advantage of national procurement frameworks to ensure best value. These frameworks not only give assurance on best value, the use of them mitigates the need for numerous and recurring individual procurement exercises.

The procurement cycle presents a further opportunity to contribute to outcomes through the use of Community Benefit clauses within contracting activity. The Procurement Reform (Scotland) act 2014, allows a contractual requirement to be imposed relating to: training and recruitment; and availability of subcontracts which is intended to improve the economic, social or environmental wellbeing of the area.

The Council's Community Benefits Policy was approved by the Strategic Commissioning Committee in November 2018. When the Council is procuring on behalf of the IJB, the Community Benefits Policy will be followed. The Community Benefits Policy consciously establishes links to national outcomes and local priorities. The Council's approach to community benefits is consistent with the 16 national outcomes in place since 2007 and is aligned with the National Performance Framework introduced in the Summer of 2018.

The Community Benefits Policy is also conscious of emerging socio-economic considerations under the "Fairer Scotland Duty" and is designed to be sufficiently agile to adapt to emerging or shifting local priorities ultimately linked towards measures designed to ensure the increased prosperity of citizens and communities.

A full listing of all community benefits delivered will be reported to the Strategic Commissioning Committee in November 2019.



## **SECTION 4: ROLES AND RESPONSIBILITIES WITHIN A STRATEGIC COMMISSIONING**

This section describes the roles and responsibilities related to a joint commissioning approach both in terms of overall leadership and governance and for each of the elements of the commissioning approach previously described.

The roles and responsibilities are:

### **1. Joint Commissioning Leadership and Governance**

Strong and clear leadership of the joint commissioning approach is required in order to:

- Maintain an overview of the commissioning system, what outcomes it is trying to achieve and what risks need to be managed.
- Lead the development of joint commissioning plans and securing partners commitment to them.
- Ensure that all partners engage with the implementation of agreed plans.
- Ensure the delivery of strategic service change and improvement across the system.
- Review the strategic impact of services and getting partners to change direction when needed.

We need to place responsibility for this leadership within our existing partnership structures in order to ensure the joint approach. Therefore, we envisage the following playing a role:

- The Aberdeen Community Planning Partnership board and the management group and its supporting outcome groups.
- Aberdeen City Council's committees, as set out in the Scheme of Governance
- The proposed IJB strategic commissioning board.

### **2. Whole System Needs Assessment**

Increasingly joint needs assessment is being developed and undertaken by the intelligence and performance teams in ACHSCP; the Council and NHS Grampian. This is being systematically aligned with Community Planning, through the PNA, ensuring that shared outcomes are defined, demand is understood and described across the whole system and resources are reviewed holistically.

A common, multi-agency approach to managing demand has been agreed and has begun to be implemented jointly. Review and communication of changing legislative duties is being conducted by the Council's Governance cluster.

Leadership and development of this element of the joint commissioning approach lies with Business Intelligence and Performance Management within the Council; Health Intelligence within NHS Grampian; and Strategy and Performance within the ACHSCP.

Outputs from this element (e.g. PNA; legislative reviews, etc) are reported to the Council's Strategic Commissioning Committee; the IJB, as well as the Community Planning Partnership.

### 3. Whole System Design

Building on joint assessment of needs, the activities of this stage are to undertake a gap analysis and to design services to meet needs. There is joint responsibility for these activities, between shared intelligence professionals across the partners and the lead commissioners at a service level.

The groups and structures which will be used to support this stage of the cycle include:

- The Aberdeen city multi agency transformation groups.
- The North East IJB Transformation CEO Group and the North East IJB Chairs Group.
- Within the Council as a single system, it is the role of the Extended Corporate Management Team to oversee service redesign proposals.

### 4. Whole System Facilitation

Market facilitation comprises three key components: market intelligence; market structuring and market intervention. The Chief Officer Commercial and Procurement is responsible for coordinating market facilitation across all service areas within the Council and in partnership with the Lead Commissioner, IJB for adult social care.

The IJB is required to produce and publish an annual Market Position Statement and the Lead Commissioner within the IJB is responsible for this. The Council is not required to publish a market position statement, however an Annual Procurement Strategy is required and the content of this strategy includes the commissioning intentions for each financial year. The Chief Officer Commercial and Procurement is responsible for producing the Annual Procurement Strategy.

## 5. Whole System Performance

The establishment of an Outcome Based Performance Framework which reviews and analyses performance in the delivery, through planned commissioning and procurements, of shared outcomes is the responsibility of Business Intelligence and Performance Management within the Council; Health Intelligence within NHS Grampian; and Strategy and Performance within ACHSCP.

Outputs from the Outcome Based Performance Framework will be reported to the Council's Strategic Commissioning Committee; the IJB; as well as the Community Planning Partnership.

## **SECTION 5: WORKFORCE CAPABILITY AND DEVELOPMENT TO SUPPORT STRATEGIC COMMISSIONING**

The Scottish Government produced a learning development framework <sup>3</sup> to assist all those involved in the strategic commissioning process and highlighted the following areas to develop expertise in:

- Joint commissioning for better outcomes.

There is agreement about the importance of outcomes as drivers for good health and care services. In joint commissioning this means something very practical but often difficult to achieve - that services are designed, developed and delivered in a way which secures the best possible overall impact or result. This challenges services which are designed for professional or administrative convenience, which focus only on one aspect of a person's overall care needs, or without evidence that they are successfully improving outcomes for those who use them.

Outcome-based commissioning means starting from the needs of the population and configuring resources across social care, community and acute health, housing, welfare benefits, and community development (whoever owns them), to best meet those needs.

- Commissioning based on co-production.

Commissioning is not about simplistic marketisation or privatisation of health and social care. It is not only about procurement of services from external suppliers. It is about a mature relationship between different partners from across the public, private and voluntary sectors in a way which will help to achieve the best services for the population.

Every partner has a role to play in joint commissioning and that is why it is important that local arrangements promote mature relationships and constructive dialogue. Those involved in the joint commissioning task need to develop their skills in working with a range of partners including the public, private, 3rd sector and with service users, patients and carers to build and implement commissioning priorities.

- Maximising service user and patient engagement in commissioning.

Co-production involves the effective engagement of service users, patients, carers and the wider public in decisions about the future of services. Developing effective dialogue between commissioning organisations and the public can be strengthened through effective engagement in understanding need, reviewing resources and planning evidence-based services.

- Commissioning for self-directed support.

There is a commitment to promote greater choice and control for individual service users and patients through self-directed support and person-centred care. Joint commissioning has a key role in ensuring that services delivered or funded by the

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<sup>3</sup> Joint Strategic commissioning – a learning development framework IPC November 2012

Council and the NHS are designed to make sure that their users are fully able to direct their care service and get the support they need when they need it.

- Market facilitation.

Health, social care and wellbeing support for older people is not funded by any means entirely through publicly funded sources or always managed directly by public agencies. Many people buy some of their own health and social care, or make use of family, informal voluntary and community services, or use self-directed support.

It is increasingly important that the Council and NHS colleagues understand the contribution that these services make, ensure that they are taken into account when planning new developments, and that they are helped to make the best possible contribution to achieving good outcomes for older people - even if they are not funded directly.

In building our joint commissioning and procurement skills and capacity we start from a position of already having many people already involved to some degree in the commissioning and procurement tasks. Sufficient capability exists within the specialist procurement function, which will be further enhanced by the development plans produced as a result of the Council's new capability framework. The priority must be the development of the commissioning skills as set out in the Scottish Government development framework.

## **APPENDIX 2**

### **1. PROGRESS TO DATE AND NEXT STEPS IN THE SEQUENCING OF THE ADOPTION OF A COMMISSIONING APPROACH WITHIN ABERDEEN CITY COUNCIL**

#### **1.1 Embedding the commissioning cycle**

In a report to the Strategic Commissioning Committee on the 20<sup>th</sup> November, 2018, the high-level macro stages required to embed a commissioning cycle within the Council were set out. The report identified 5 stages and progress against each stage is noted below.

#### **Stages 1 and 2: (1) Develop a Population Needs Assessment (PNA) and (2) Refresh the Local Outcome Improvement Plan (LOIP), and various multi agency plans considering the findings of the Population Needs Assessment.**

The refresh of PNA was approved by the Strategic Commissioning Committee in November 2018. This underpinned the refresh of the following multi-agency plans:

- LOIP
- Council Delivery Plan
- ACHSCP Strategic Plan
- Alcohol and Drugs Partnership Delivery Plan, which is currently being updated and due to be approved by the IJB in November 2019.
- Integrated Children Services Plan
- Community Justice Plan

#### **Stage 3: Defining the contribution to the LOIP by the Council and partners**

The Council Delivery Plan included the Council's first iteration of "commissioning intentions" which framed the ask of our in-house services, the services delivered by our ALEO's as well as those services we commission from external providers. The Council's Delivery Plan was approved in March 2019 and reflected the delivery plans associated with:

- Priorities set out in the policy statement
- Activities arising from regional strategies
- Preparations for new statutory duties being placed on council
- Transformation activities designed to enable the council to do its business in a different way

In addition, the IJB's strategic plan was revised and approved in March 2019.

#### **Stage 4: Expressing the Council's commissioning intentions as service specifications**

The report to Committee in November 2018 signalled that the work to develop service specifications based on funding envelopes would span the financial year 2019/20 and include ALEOs and third-party organisations, as well as the Council's in-house services.

Following detailed analysis, review and redesign of services, it is intended that updated commissioning intentions will be reported in 2020, which reflect specifications and bring clarity for staff, providers and customers about the level of service being commissioned and provided.

### **Stage 5: Moving to Outcomes based performance management**

The Strategic Commissioning Committee approved a revised Performance Management Framework at its meeting in March 2019. This specifically tied Council delivery and performance arrangements to the Council Delivery Plan and the expressed outcomes and commissioning intentions within it. Further work is ongoing to integrate this fully with the community planning partnership approach to an outcome based performance framework.

It is clear that significant progress has been made within the Council in managing the transition to becoming a commissioning led council.

### **1.2 Robust leadership and governance**

As we move from the commissioning cycle into the procurement cycle, it is important that the approach, includes a test of affordability, given the financial environment working within. In order to facilitate this test of affordability and to further test alignment of proposals for commissioning external services with desired outcomes, a Demand Management Control Board (DMCB) has been established.

The DMCB's remit is to scrutinise and support proposals, in advance of such proposals being considered by the Council's Strategic Commissioning Committee or City Growth and Resources Committee (for capital procurements). This is being achieved through the use of 6 gateway points for all external spend, including the awards of grants to external bodies from General Fund and Common Good Fund. The 6 gateways contained (Business Case attached as Appendix 3) are:

- Gateway 1: Is the spend from a national or regional framework and if not, what is the justification for the spend to be off contract?
- Gateway 2: Is this spend connected with an identified budget option/service redesign?
- Gateway 3: Does the spend support outcomes associated with the LOIP and/or the Council's associated commissioning intentions?
- Gateway 4: Have officers concluded all processes to avoid the demand associated with the external spend?
- Gateway 5: Are the performance measures to assess the impact of the associated external spend robust and appropriate?
- Gateway 6: Are the managerial and governance reporting arrangements against these performance measures robust and appropriate?

The DMCB is co-chaired by the Council's Chief Officer (Early Intervention and Community Empowerment) and the Chief Officer (Business Intelligence and Performance Management). The DMCB helps test that we are delivering the intention to adopt a more deliberative preventative approach and that the alignment to outcomes is clear.

The Procurement Regulations state "Each individual contract will also require a Business Case (conforming to a template approved by the Chief Officer Commercial and Procurement Services) to be submitted by the relevant Chief Officer to the Strategic Commissioning Committee or the City Growth and Resources Committee as appropriate. Such business cases may only be submitted to the relevant committee on the approval of the Chief Officer Commercial and Procurement Services. The approval of the applicable Committee is required prior to the procurement being undertaken. This process is designed to strengthen the assurance being provided to both the Council's Strategic Commissioning Committee and the IJB, that the proposed spend is affordable.

### **1.3 Strengthened workforce capability and development**

The Scottish Government published a procurement competency framework in October 2018 which sets out the skills and competency levels required by public sector staff involved in the procurement process. The framework reflects the Scottish procurement context and aligns to the Chartered Institute of Procurement and Supply standards. All Category Managers within the Council's Commercial and Procurement Team have completed this assessment meeting the required standards set out in the framework.

Within the Council, the following is in place and aligned appropriately to the national commissioning and procurement frameworks:

- For the specialist staff within the commissioning and procurement function.

A commissioning and procurement skills audit has been undertaken across every team within the Commissioning Function, which was concluded in April 2019. The audit focussed on all commissioning activities within the commissioning cycle with initial analysis on commissioning processes and procedures, internal regulations and external legislation. 73 competencies were assessed in total and these have been fed into a subsequent training plan to address skills gaps.

- For the generalist staff.

Following the approval of the Council's capability framework, procurement and commissioning training modules have been developed and will be launched in September 2019. These modules are tailored to meet the needs of staff involved in the commissioning and procurement cycle process primarily dependant on the level of expenditure, complexity and risk they are involved with.



## 2. NEXT STEPS IN THE HIGH-LEVEL SEQUENCING OF THE ADOPTION OF THE COMMISSIONING APPROACH WITHIN THE COUNCIL

In the continuation of the required phasing and sequencing in order to fully embed a commissioning approach, the following is required:

- Stage 1: *Develop a PNA.*

The population needs assessment is being continually updated to inform dynamic improvement towards the LOIP stretch outcomes, as well as to underpin future planned refreshes of the LOIP on the agreed 2-year basis. Closer multi-agency working on data, information, research and analysis will be developed taking advantage of new digital technology and building on existing collaboration. An “Office of Data Analytics” model is being pursued. Increasingly systematic collection and analysis of data relating to qualitative user / customer experiences and views will be embedded through an Outcome Based Performance Framework and will have increased significance in the PNA.

- Stage 2: *Refresh the LOIP, and various multi agency plans considering the findings of the PNA.*

As stated above, Community Planning Aberdeen has agreed a recurring 2 year review period for the current LOIP (2016 - 2026) and the Council takes a lead role in these reviews. The timeline for these planned reviews is set out in the table below.

	<b>PNA refresh</b>	<b>Review of LOIP</b>
1 <sup>st</sup> scheduled review of LOIP (2016 - 2026). COMPLETED	November 2018 COMPLETED	March 2019 COMPLETED
2 <sup>nd</sup> scheduled review of LOIP (2016 - 2026)	September 2020	March 2021
3 <sup>rd</sup> scheduled review of LOIP (2016 – 2016)	September 2022	March 2023

The Council, with its partners, will continue to review and refresh various multi-agency strategies and plans to take account of both the findings of the PNA and the priorities agreed in biennial iterations of the LOIP. Consideration will be given to whether the Locality Plans of the Community Planning Partnership also need to be refreshed, in line with the LOIP and potentially

aligning locality planning across the Community Planning Partnership and the IJB.

- Stage 3: Defining the contribution to the LOIP by the Council and its partners.

The next significant piece of work for the Council (and the ACHSCP) will be to review all existing approved strategies and establish whether they are sufficiently aligned to the LOIP. Phase 1 of this piece of work is underway. Once concluded, it is anticipated this will result in proposals, potentially, for decommissioning and recommissioning some of the strategies. These proposals will be brought forward to the Strategic Commissioning Committee and the IJB.

**Recommendation: Instruct the Chief Officer Governance to bring forward the results, including any proposals for decommissioning and recommissioning strategies, of the review of Council and IJB strategies to the Strategic Commissioning Committee (and the IJB).**

- Stage 4: Expressing commissioning intentions by the council into a series of service specifications based on available resource.

The Council's services are currently being reviewed with a view to implementing redesigns which will support the delivery of the LOIP, within the existing, and projected, local, regional, national and global operating environment. These redesigns are taking account of the Council's existing commissioning intentions (agreed March 2019), and will, in addition, identify where potential amendment to those commissioning intentions is required. Such changes may result from changing demand or significant changes in the operating environment. Any changes to the commissioning intentions will be reported to elected members for approval.

- Stage 5: Moving to outcomes based performance management.

The first iteration of an outcome based performance framework is substantially in place through the LOIP and Community Planning Aberdeen's structures, governance and reporting arrangements.

The next step is to more closely connect partners' own performance management arrangements to a single whole system outcome based performance framework at all levels. This will produce a branded outcome based performance framework which combines intelligence from across partners (initially the Council and NHS Grampian) to continually track contributions to and delivery of agreed outcomes.

The ongoing development of the PNA will also align outcome performance data more systematically to the agreed LOIP outcomes and the Council's

commissioning intentions in order to complete the cycle of analyse, plan, do and review at the level of strategic outcomes.

The commissioning approach forms a key element of the service redesign process which is being undertaken across the Council. Service redesigns will shape the 2020/21 budget and outline budget proposals will be taken to the City Growth and Resources Committee in November 2019 in advance of budget decisions in March 2020.