

APPENDIX 1

A JOINT STRATEGIC COMMISSIONING APPROACH BY ABERDEEN CITY COUNCIL AND ABERDEEN INTEGRATION JOINT BOARD

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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, range¹ and quality of future services and working in partnership to put these in place.

As per the Scottish Governments own guidance², the focus of strategic commissioning should be less about how things are done currently and more about how they should be done in the future. The real added value is to enable 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 with each element of equal importance. The cyclical nature of 'analyse, plan, do and review' brings 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 the 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.

Systems 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 frontline 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.

¹ Joint Strategic Commissioning – A Definition: Strategic commissioning steering group June 2012

² 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.

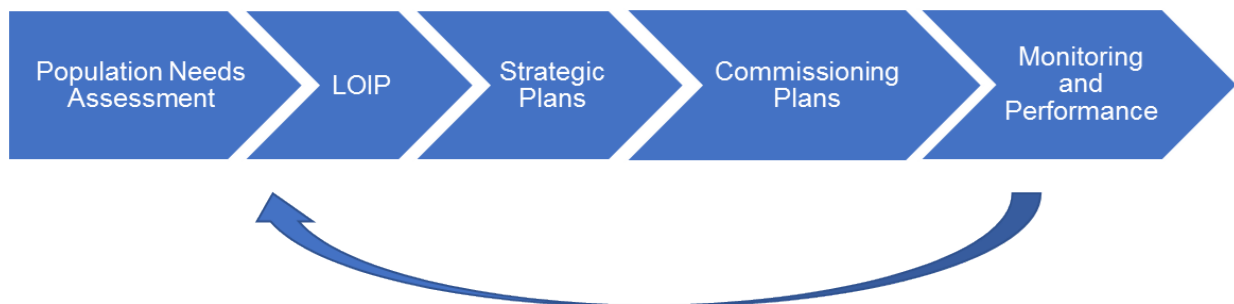
By strengthening our system-wide approach and collaboration we will start to better understand the impact we can make, where these impacts can make a significant difference and what the planned change should be to shape future demand. This understanding and analysis can facilitate a redesign and commissioning 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

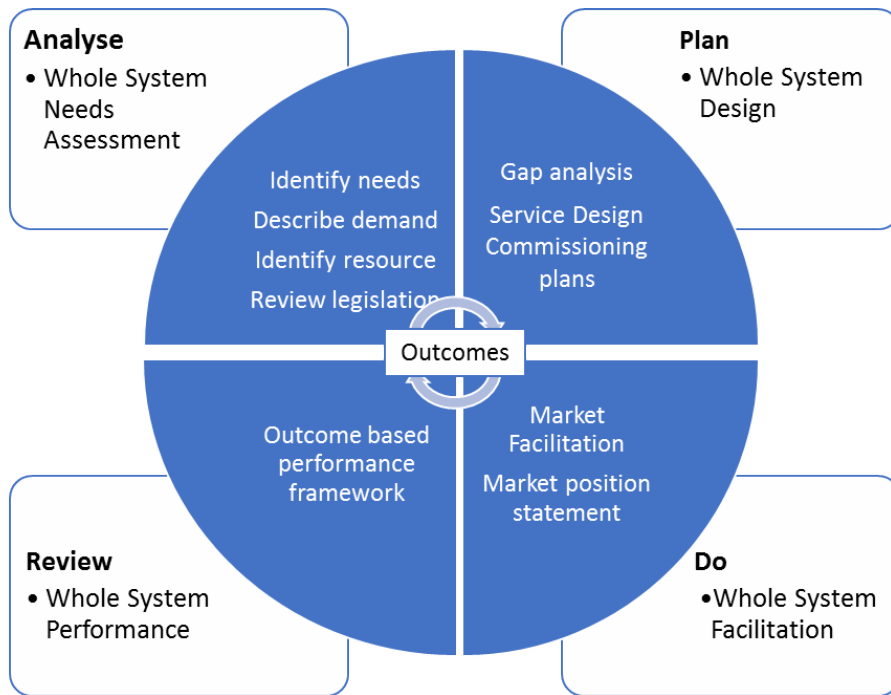
The Council and the Aberdeen City Health and Social Care Partnership (AHSCP) have jointly designed an approach to be adopted during any commissioning activity. This approach reflects recommendations made in the Scottish Government guidance document, 'Strategic Commissioning Plans Guidance 2015', namely:

- 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 four 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 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.

The Government’s intention is that service users and carers 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.

In order to do this the commissioning approach and system needs to be collaborative, with close working between statutory, third, independent sectors and the public. This approach is discussed further in 3.3 ‘Whole-system facilitation’.

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 under way 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 and they should reflect the reason for our being. Reflecting the Scottish Government's own recommendations, this should prevent demand through earlier intervention and will be a positive step to take.

2. Negative demand - turning off negative demand has an immediate impact on our capacity. We can further subdivide 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 ALEOs 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 upstream 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 three 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 include 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 and leading to a Market Position Statement. This statement, linking intelligence and strategy, sends 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.

A Market Position Statement should factor in all three of the aforementioned activities. This is a live document, which links to the strategic commissioning plans and the procurement strategy. It will be published, reviewed and updated regularly and steers the provider services towards meeting the needs of the local population through an outcome-based performance framework.

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 under way 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

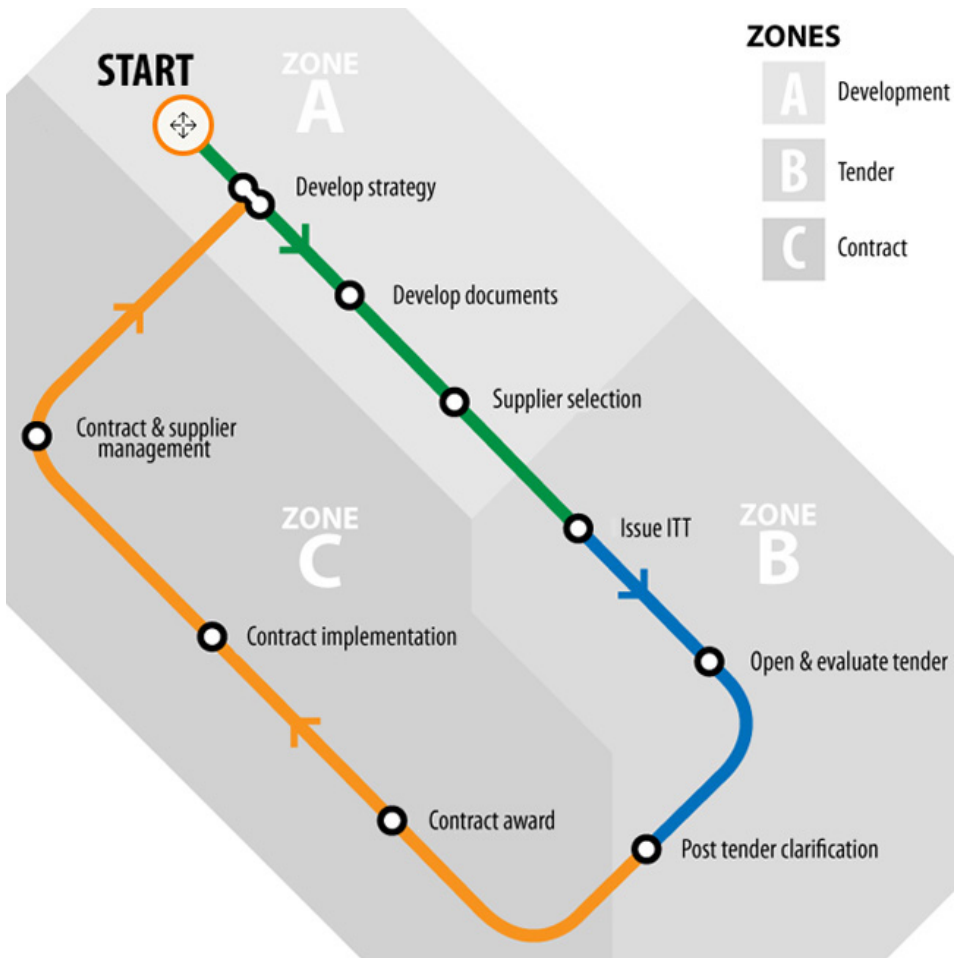
Procurement planning acts as the bridge between strategic commissioning and procurement. As a result of the Procurement Reform (Scotland) Act 2014, contracting authorities are required to prepare a procurement strategy, setting out how the authority intends to carry out procurement. A group of two or more contracting authorities may have a joint procurement strategy. Contracting authorities are required to ensure that their procurement is carried out in accordance with the strategy and are 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.

We have 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 three 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 focused 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.

A strategic commissioning approach is designed to ensure alignment with desired outcomes. 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, the 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:

- 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 and 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 and the Community Planning Partnership.

SECTION 5: WORKFORCE CAPABILITY AND DEVELOPMENT TO SUPPORT STRATEGIC COMMISSIONING

The Scottish Government produced a learning development frameworkⁱ 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, and third sectors 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 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.

ⁱ Joint Strategic commissioning – a learning development framework IPC November 2012