

ABERDEEN CITY COUNCIL

COMMITTEE	Strategic Commissioning Report (SCC)
DATE	30 th April 2018
REPORT TITLE	Introduction to the Commissioning Approach
REPORT NUMBER	COM/18/003
DIRECTOR	Frank McGhee
REPORT AUTHOR	Frank McGhee
TERMS OF REFERENCE	1,2,3,4.

1. PURPOSE OF REPORT

1.1 This report gives an overview of commissioning and outlines the benefits which will be achieved by the introduction of commissioning approach as described in the new target operating model of the Council.

1.2 This overview will outline key aspects of the commissioning approach which will then inform the business plan for the Strategic Commissioning Committee and the priorities the business plan will focus upon.

2. RECOMMENDATION(S)

That the Committee:-

2.1 instruct the Director of Commissioning to complete a population needs assessment and to agree that as part of its development that this be raised at the Community Planning Partnership (CPP) so as to encourage partners to engage and to build upon previous needs assessments.

2.2 note that the Committee will receive reports on key aspects reflecting the development of the commissioning approach as reflected in the committee business plan and Terms of Reference.

2.3 instruct the Director of Commissioning to undertake discussions with other Public Sector partners to see if there are opportunities for more joint or integrated options to be developed as a means of improving outcomes and value for money.

3. BACKGROUND

3.1 Developing a commissioning approach is a key change agreed within the Council's Target Operating Model and as stated in previous Council reports.

3.1.1 A Commissioning function will replace the existing dispersed strategic planning arrangements and hold Operations to account for delivery against targeted outcomes. (Council report August 2017)

3.1.2 The separation of commissioning and delivery into exclusive functions is a vital ingredient to ensuring there is a challenge and distinction between the focus on the strategic outcome and the selection of the services to deliver against them (commissioning) and the execution of the services towards that outcome (delivery). (Council report August 2017)

3.1.3 The Commissioning Function will also bring together the Council's first consolidated Business Intelligence team. This signals a step change in how the organisation is able to capture, share, analyse and use data to support decision making. (Council report December 2017).

3.2 The statements above demonstrate the vision for the creation of the new commissioning function and Council-wide approach to delivering against agreed outcomes.

3.3 Commissioning is a dynamic and strategic approach which focuses on the future and improving the lives of people. Commissioning is defined as the strategic use of resource to achieve agreed outcomes. It is a creative process making opportunities and improvements. As such it impacts upon the economic, health and social aspects of life. It has driven improvement and change testing new responses to changing need. Over the last 25 years it has widely been used across the public sector to improve outcomes and monitor the use resource.

3.4 The Local Outcomes Improvement Plan (LOIP) sets a vision for the city of Aberdeen to be 'a place where all people can prosper'. This new strategic commissioning approach will be a key driver in realising the vision of the Local Outcomes Improvement Plan (LOIP) and will improve outcomes for the people of Aberdeen.

3.5 Benefits of a Commissioning approach

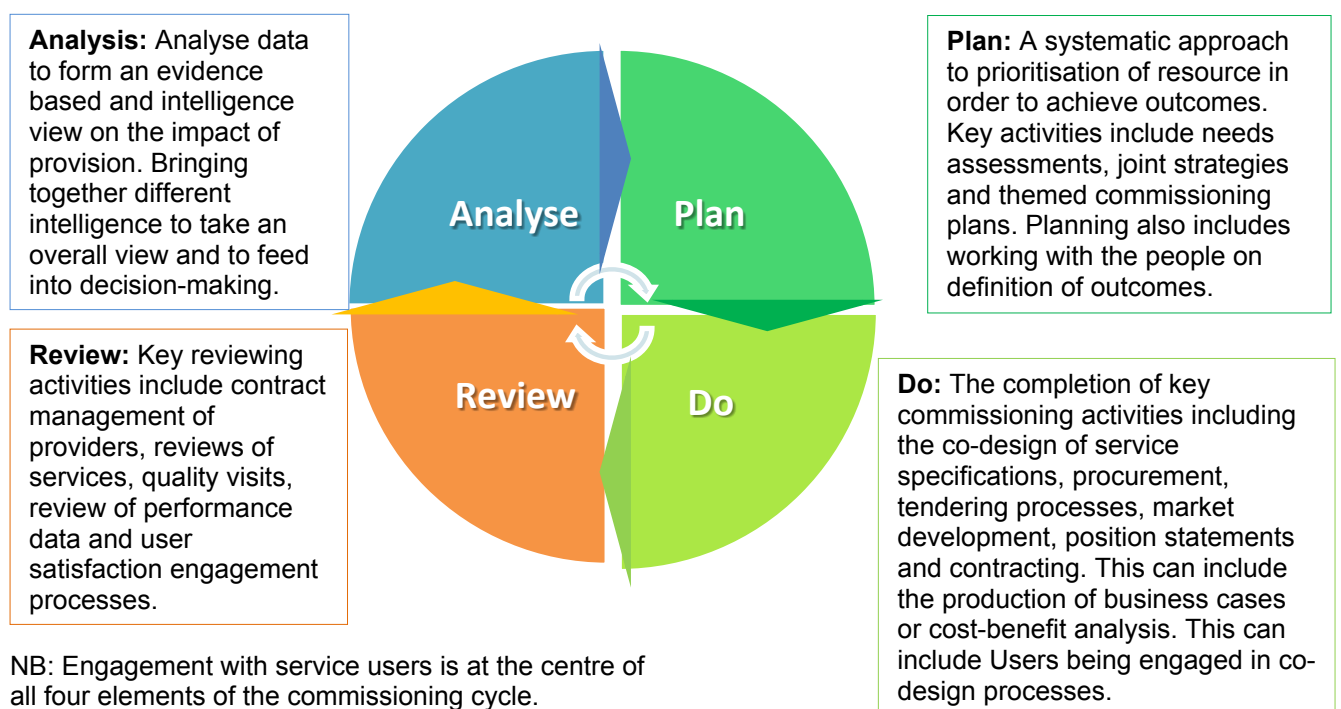
Commissioning will bring a range of benefits to the Council including:

- Focus on the aspiration, priorities and intentions expressed in the Local Outcome Improvement Plan strategic partnership programme
- A focus on the needs of the people and population of Aberdeen and how the Council and partners respond to them.
- It will listen to the views, opinions and aspirations of the Citizens of the City and adjust outcomes appropriately.
- It is systemic approach to the use of data and intelligence to inform the decision making of the Council.
- It is a systematic planning approach across the whole Council setting priorities and monitoring delivery.
- It focuses on the benefits and impact for the people of the City as expressed in the term 'outcome-based commissioning'.
- Review, contract monitor, learn and improve the current provision which is funded by the Council.

- Lead to a shift in culture from a focus on activity to a focus on measuring the impact provision is making.
- Focus on value for money for every public pound spent.
- Seek additional funding for public services and aim to bring additional investment into the City.
- It encourages closer working across partners as it acknowledges public services are interdependent on each other.
- Include a focus on early intervention and response to need at the earliest opportunity.

3.6 The Commissioning cycle

Commissioning is sometimes described as a cycle as shown below. To illustrate how commissioning works each aspect of this cycle are explained and examples of the kind of commissioning tasks which take place are given.



3.7 Commissioning in the current context

Commissioning takes place within a specific context which needs to be taken into account and which influences the commissioning activities which need to take place. Currently these factors include:

- Increasing demand for services across public sector provision.
- Reductions in resources available across the public sector.
- Increasing expectations from the public on the quality of provision.
- A new focus on wanting to move away from monitoring activity to understanding the difference provision makes on the individual or community.

These different factors will influence the business plan of the Strategic Commissioning Committee in terms of the issues which will be under consideration.

3.8 Whole-system commissioning

3.8.1 The Council does not operate in isolation and is involved in a range of services and with a range of suppliers which may involve more than one public sector partner. Examples include (but is not exhaustive):

- Local Authorities having functions, services or suppliers in common.
- Health, education and social care having children, young people and families in common.
- Health and social care provision having adults in common. There is already an integrated response through the Integrated Joint Board (IJB).
- Police Scotland and the Scottish Fire and Rescue service working in neighbourhoods and localities where Council services also operate.
- Working closely with voluntary and community/third sector providers responding to local needs.

3.8.2 There are a range of examples in other Local Authorities, where more joint and integrated commissioning and delivery is taking place. These include:

- Agreeing shared care pathways,
- Building teams around the children and families,
- Sharing premises and infrastructure,
- Joint and Integrated commissioning teams,
- Developing joint initiatives to improve value for money,
- Joint initiatives across Local Authority partners building upon the shared procurement team.

As the commissioning approach develops it will be important consider the benefits which may be achieved through taking a joint or integrated commissioning approach.

3.9 Committee Business Plan

The development of the commissioning approach will include a number of key areas of work which will be brought to the Strategic Commissioning Committee. This may include:

- The development of a population needs assessment,
- A refresh of the Local Outcome Improvement plan,
- The development of outcomes statements and measurement,
- Reviews of the impact of key providers,
- Analysis of key commissioning challenges such as demand for provision.

4. FINANCIAL IMPLICATIONS

4.1 The Council's commissioning approach will have implications for finance including relating to the allocation, prioritisation, and monitoring impact of financial investment and will contribute to financial planning going ahead.

5. LEGAL IMPLICATIONS

5.1 The Council's commissioning approach will work within Scottish, UK and EU legislation regarding procurement and tendering.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	Escalation of costs	Low	A strong focus on value for money in all commissioning activities.
	Unable to control demand	Medium	Ongoing focus on demand reduction strategies.
Legal	Failure to comply with legislation.	Low	Engagement with commercial legal team within the Commissioning function.
Employee	Insufficient commissioning skills across the organisation.	High	Workforce development and training plan will be put in place across the Council.
Customer	New approaches to customer services	Medium	Involving Customers in the redesign of provision.
Environment	Failure to drive use of sustainable options.	Low	Ensure all contracts take into account environmental issues.
Technology	Not working within new data protection regulation.	Low	Commissioning staff being trained and working within new data protection regulation.
Reputational	A new approach easily misunderstood.	Low	Further explanation and development sessions for the SCC.

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	The new approach will impact on all four aspects of the LOIP including infrastructure developments.
Prosperous People	This approach will be mindful of the aspirations of the people of Aberdeen and will seek to reduce harm.
Prosperous Place	This approach will be mindful of the developing of Place Partnership and will support their work in key areas of the City.
Enabling Technology	Digital considerations will be a key aspect of new

	service specifications as they are developed.
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Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	Commissioning will work with Customer services on the design and monitoring of impact.
Organisational Design	Becoming a commissioning organisation is a key aspect of the future organisational design.
Governance	There will be close working between the Strategic Commissioning Committee and other governance arrangements.
Workforce	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.
Process Design	Co-design of future provision and the development of outcome-based specifications will be an important aspect of this new approach.
Technology	The use of technology will be important particularly regarding analysis of data and performance.
Partnerships and Alliances	This new commissioning approach will seek to build partnerships as improving outcomes will be enhanced by joint effort.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required
Privacy Impact Assessment	Not required
<u>Children's Rights Impact Assessment/Duty of Due Regard</u>	Not applicable

9. BACKGROUND PAPERS

Target Operating Model – Council Report 11 December 2017
[Target Operating Model](#) - Council Report 23 August 2017

10. APPENDICES (if applicable)

10.1 Appendix A – Strategic Commissioning Committee Terms of Reference

11. REPORT AUTHOR CONTACT DETAILS

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Appendix A

STRATEGIC COMMISSIONING COMMITTEE

PURPOSE OF COMMITTEE

1. To approve all external commissioning activity by the Council, including the approval of service specifications, performance frameworks and outcomes. This includes where the Council commissions from its Arm's Length External Organisations (ALEOs).
2. To approve all internal commissioning activity of Council, including the approval of grants and associated conditions, service specifications, performance frameworks and outcomes.
3. To review annual workplans to be submitted by each director which will specify every contract expected to be procured over the year ahead except where delegated to officers, to approve business cases for any contract with estimated expenditure over £250,000, and to call in any contract on any workplan with an estimated value of below £250,000 and require the business case to be approved by the Strategic Commissioning Committee instead of by the Head of Commercial and Procurement Services.
4. To prepare a Commissioning Strategy for the Council, to review the impact of all commissioned services and the extent to which they have achieved the outcomes intended and to approve improvement actions.
5. To approve a strategic commitment to invest in the prevention and reduction of the demand for services.
6. To approve the Council's strategic approach to joint and integrated commissioning across the public and private sectors to ensure that the needs of customers and citizens are met.
7. To identify potential efficiencies and improvements in quality and outcomes, including across partner organisations and public services.
8. To develop a role in the strategic allocation of resources to outcomes in consultation with the City Growth and Resources Committee.

REMIT OF COMMITTEE

The following authority is delegated to the Committee under the four headings of the Commissioning Cycle:-

1. Analysis

- 1.1 to commission a regular Population Needs Assessment to understand the needs which public bodies must address.
- 1.2 to receive in-depth analysis of key groups, priorities and challenges across public services.
- 1.3 to receive a service review, sufficiency and market analysis to understand

existing and potential provider strengths and weaknesses, and opportunities for improvement or change in providers will be identified.

- 1.4** through appropriate forums, to consider the experience of customers and citizens.
- 1.5** to identify resources needed and risks involved in implementing change and/or continuing with the status quo.

The Council's Business Intelligence function will support the Analysis stage of the Commissioning Cycle.

2. Planning

- 2.1** to review a Gap Analysis following the Public Needs Assessment which will identify which services are needed and which are available currently, and will provide guidance on how the gaps will be addressed within existing resources.
- 2.2** to approve commissioning intentions, outcomes and priorities as part of the annual business planning cycles.
- 2.3** to commission the development of a Strategic Outcomes Framework reflecting the Local Outcome Improvement Plan (LOIP), the views of customers and citizens, and the best evidence of effective interventions.
- 2.4** through appropriate forums, to ensure that services to be commissioned are co-designed to meet customers' needs.
- 2.5** to approve a Commissioning Strategy/Prospectus which identifies clear service development priorities and specific targets for efficient, effective, equitable and sustainable achievement.

The Council's Business Intelligence function and the Commissioning function will support the Planning stage of the Commissioning Cycle.

3. Doing

- 3.1** to ensure that appropriate supply management and capacity building (market facilitation) is in place to ensure a good mix of resilient service providers, that offer customers an element of choice in how their needs are met;
- 3.2** through appropriate forums, to ensure that relationships with existing and potential providers are maintained and draw on partner expertise;
- 3.3** to ensure that the co-design of service specifications is based on the delivery of positive outcomes with a preventative focus on demand reduction; and
- 3.4** to approve procurement strategies to meet agreed outcomes to enable officers to purchase and contract services and to decommission services

that do not meet the needs of the population group.

The Council's Commissioning function will support the Doing stage of the Commissioning Cycle.

4. Reviewing

- 4.1** to review information from individual contracts, specifications or service level agreements (including partners) in order to monitor the impact of services and the extent to which they have achieved the purpose and outcomes intended;
- 4.2** to commission reviews of agreed priority services and make recommendations to service providers, both in house and external, to further improve outcomes;
- 4.3** to receive an analysis of any changes in legislative requirements, population need and reviewing the overall impact of services to identify revisions needed to the strategic priorities and targets;
- 4.4** to monitor service delivery against expected outcomes and plans; and
- 4.5** to monitor the changing policy and strategic context to identify opportunities to work differently to improve outcomes.

The Business Intelligence function and the Commissioning function will support the Reviewing stage of the Commissioning Cycle.

JOINT WORKING WITH OTHER COUNCIL COMMITTEES:

The Committee will maintain an awareness of key issues arising through the work of other committees of the Council, through lead officers, conveners and vice conveners working together. Specifically:

- 1.** the Strategic Commissioning and the City Growth and Resources Committees will cooperate to ensure that resources are allocated strategically to support outcomes.
- 2.** the Strategic Commissioning and the Operational Delivery Committees will cooperate to ensure that the internally commissioned services have clear service specifications which identify contributions to the LOIP outcomes and that sufficient funding is available to deliver the service specification.

JOINT WORKING WITH NON COUNCIL BODIES:

This Committee is outward facing and will engage with appropriate forums to engage with partners, the third sector and communities in order to ensure a joint and integrated commissioning approach.

Executive Lead: Director of Commissioning