



PART B: RECOMMENDATIONS TO COUNCIL

REPORT TO: COMMUNITY SERVICES COMMITTEE

DATE: 26 NOVEMBER 2009

**REPORT OF THE: CORPORATE DIRECTOR
MARIE-ANN JACKSON**

TITLE OF REPORT: COMMISSIONING BOARD PROPOSAL

WARDS AFFECTED: ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 To establish and agree the principle of creating a Commissioning Board, to agree the scope and purpose of such Board and to seek the views of the committee on a suggested approach to commissioning.

2.0 RECOMMENDATIONS

- 2.1 That Council is recommended to approve:
- (i) The approach to Commissioning as detailed in Annex A;
 - (ii) The formation of a Commissioning Board to replace the Community Services Committee with effect from May 2010;
 - (iii) The scope of the Board as detailed at Annex B;
 - (iv) Suspension of the Community Services Committee and any appointments to it with effect from May 2010; and
 - (v) The authorisation of Officers to make any necessary changes to the constitution arising from the formation of the Board in conjunction with the Constitution Working Party.

3.0 REASON FOR RECOMMENDATIONS

- 3.1 To ensure the Council is prepared to meet the challenges it will face, as a result of the anticipated reduction in public spending, through the early development of effective mechanisms for the governance and management of existing and new approaches to the procurement of goods and services.

4.0 SIGNIFICANT RISKS

- 4.1 The significant risks arising from this decision are that the use of commissioning does not deliver improvements to services or end users, or is not appropriate for a significant proportion of District Council Services and the investment in the Board is disproportionate to the benefits derived. In addition, Members and Officers do not possess the skills or knowledge to undertake effective commissioning and derive maximum benefit. These risks can be mitigated by the involvement of service users in the end to end process and appropriate training for Members and Officers.

REPORT

5.0 BACKGROUND AND INTRODUCTION

- 5.1 The Council spends circa £12 million per annum on goods and services for the benefit of the communities of Ryedale. This spend is spread across a range of delivery mechanisms from in-house service delivery; partnership arrangements; significant grants to the voluntary and community sectors (VCS); contracts for services; arms length management organisations (ALMOs) and fully outsourced arrangements. This spend has traditionally been managed in line with the Council's internal procedures, value for money principles and procurement rules. There is some targeting of these resources to meet needs as identified in the Sustainable Community Strategy and the Council Plan however the Council's spend is not explicitly managed against these community priorities and the Council's corporate objectives. Budgeting has been largely based on the resourcing of existing services and service levels with some annual growth or efficiency savings being applied.
- 5.2 The rules of the game have changed. The challenge is to deliver better, more responsive services with less. There are a range of factors driving local authorities to seek new solutions to secure exceptional value for money. Ensuring that those wider community benefits, that contribute to social, environmental, health and economic well-being are maximised.
- 5.3 The new inspection regime: Comprehensive Area Assessment (CAA) expects Councils to have a sound understanding of its costs (including whole life costs), the main factors that influence these costs and how they link to performance and that this is taken into account in decision making and commissioning. (KLOE 1.2) It also demands that the Council understands the impact of its operations and activities on wider social, environmental and economic outcomes.
- 5.4 This is all over-laid with the knowledge that the Council – and the public sector in general - is facing a much leaner fiscal future with anticipated cuts in government grants necessitating savings for this Council of circa £1 million by 2011.
- 5.5 This demands creative and innovative change. This is not a tweak of the rules, it is a fundamental re-write and this Council needs to equip itself now to respond effectively to the challenges ahead.

6.0 POLICY CONTEXT

- 6.1 The approach recommended in this report is consistent with Aim 5 of the Council Plan – “Transforming the Council” and specifically agreed strategic objectives 9 and 10:
Objective 9 – To understand our communities and meet their needs; and

Objective 10 – To develop the leadership, capacity and capability to deliver future improvements

- 6.2 It will also serve as a significant enabler for the Council's "one-11 Programme"; saving £1 million by April 2011.

7.0 CONSULTATION

- 7.1 To date Officers have carried out significant desktop research to assess progress made by other authorities and agencies; consulted with the Assistant Director of Commissioning and Partnerships at North Yorkshire County Council and have taken the findings of a recent consultation and involvement project with the voluntary and community sector "Ryedale Partnership Improvement Programme" (PIP) into account.
- 7.2 The desktop research has shown that strategic commissioning approaches are starting to replace or augment traditional procurement methods for a range of services. Much of the early success was in health and social care however more recently the approach has crossed to customer services, environmental services and housing.
- 7.3 Feedback from NYCC was encouraging and the Assistant Director has offered to present his experiences to Members through a facilitated workshop.
- 7.4 The PIP consultation highlighted the need for clear and consistent approaches to commissioning across the public sector and the need for early involvement of potential suppliers of services in the design and delivery.

8.0 REPORT DETAILS

- 8.1 As a fourth option authority operating a committee system the Council currently supports two policy committees: Policy and Resources Committee (P&R) and Community Services Committee (CS). Both have responsibilities for developing policy and ensuring value for money services. However, there is sometimes overlap in the roles of the committee with some service areas reporting to both e.g. economic development; and environment. Furthermore, P&R has the authority to determine matters regarding budget and spend.
- 8.2 In light of the drivers influencing local government described above there is a need to examine how we do things, this includes both the delivery of services and how we procure and commission them. In considering this a number of authorities are adopting a strategic commissioning approach to sit alongside their procurement processes.
- 8.3 Some authorities have or are introducing governance arrangements to lead and monitor this new business model through the establishment of Commissioning or Procurement Boards.
- 8.4 This report is seeking Member approval for Ryedale District Council to develop an approach to commissioning that is appropriate for the size and capacity of the Council that optimises our resources.
- 8.5 Commissioning is essentially about connecting resources to priorities to meet the

needs and achieve the outcomes sought for residents. It follows therefore, that there is an opportunity to potentially improve outcomes and be more responsive by moving from a delivery and procurement service model to one of commissioning. Currently the Council has very limited experience of commissioning both from an officer and a Member perspective. The majority of goods and services being procured through traditional delivery models. Some of the Council discretionary grants spend uses some commissioning principles but this is limited in scope and value.

- 8.6 The research has shown that Commissioning is usually defined as a cycle which:
- Identifies needs in partnership with users and communities;
 - Strategically plans services which deliver added value sustainable outcomes;
 - Develops solutions; implements plans; and shapes the markets to deliver the outcomes;
 - Secures – through procurement and contractual arrangements - the services; and
 - Monitors the delivery of outcomes, evaluating and challenging services.
- It requires an understanding of what local people want and need, a knowledge of the local markets and increasingly investment from a range of other local public service providers.
- 8.7 This is consistent with the findings and recommendations of the PIP which agreed to adopt a statement of intent which would seek to develop: “shared rules of engagement; involvement of district and county; a joint protocol regarding local purchasing; a standard evaluation framework and a joint investment prospectus”.
- 8.8 This differs from the more traditional methods of service delivery – direct delivery, procurement based on a tightly specified client contracts, grant aid relationships - in a number of ways. It involves the users or receivers of services throughout the commissioning cycle, from the definition of what is needed and valued; designing how those needs are best met and delivering the outcomes. Most commissioning approaches reviewed to date emphasise the importance of socially responsible procurement, using whole life costing and assessing the social, environmental and economic impact of procurement decisions. This is very different from traditional procurement methods and supplier led service delivery models.
- 8.9 The CS Committee currently considers reports on issues relating to the Council's priority aims. It receives regular information in relation to affordable housing, economic success, the environment and active safe communities. It is envisaged that the Commissioning Board would continue to play an active role in these 4 priority Council aims, indeed it would be a strengthened role as it is proposed that it would have the authority to commission services and projects specifically designed to deliver against these agreed outcomes.
- 8.10 This is the first report on this issue. It is not the intention to present a fully developed Commissioning Strategy at this stage. Officers will develop a strategy in due course and it is envisaged that this will integrate with and complement the Council's Contract Procedures and Procurement policies. Both these procedures are currently under review it therefore makes sense to align the Council's approach to commissioning as part of that process.
- 8.11 In order to progress this work it is however essential that a number of general principles are agreed at this stage. This will give officers the necessary steer to develop an approach and will allow for the necessary authorisations to be agreed

and changes to the constitution. Attached at Annex A to this report is the proposed approach to commissioning as the basis for the development of a Commissioning Strategy. It is suggested that the Council adopts a strategic approach which considers whole life costing, user involvement and working with partners on whole services rather than a fragmented approach. The full strategy will identify for which services Officers believe the approach is best suited and where it will deliver most benefits.

- 8.12 Attached at Annex B is a draft document outlining the scope of the Board. It is likely that this will be subject to change as the authority gains experience and confidence. However it is a useful starting point on which to build and is based on a number of the best examples reviewed as part of the desktop research.

9.0 IMPLICATIONS

- 9.1 The following implications have been identified:

a) Financial

The aim is that a move away from traditional procurement and direct service delivery to a mixed economy approach to procurement and commissioning will help to achieve the Council's target of £1m cashable savings by 2011. At this stage in development no additional financial resources are required to progress this initiative however there may be a need in the future months to allocate some existing officer resource to the delivery of commissioned services.

b) Legal

The recommendation to suspend the Community Services Committee and establish a Commissioning Board will require amendments to the Council's constitution. These amendments will be aligned with the work of the Constitution Working Party.

c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)

As this initiative develops and progresses it may have implications on a range of Council operations and corporate policies. These will be individually assessed as part of the development of the Commissioning Strategy and model.

10.0 NEXT STEPS

- 10.1 It is proposed that the following actions are taken over the next six months for implementation of the Board in May 2010:

- Constitutional changes – January 2010
- NYCC facilitated Commissioning Workshop – January 2010
- Adopt draft Commissioning Strategy – March 2010
- Adopt Terms of Reference March 2010
- Appoint to Board – May 2010
- Agree Commissioning priorities – May 2010

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Background Papers:

- Comprehensive Area Assessment – Use of Resources Framework. Overall Approach & Key Lines of Enquiry – Audit Commission – May 2008
- Council Plan

Background Papers are available for inspection at:

<http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/20091030uorframework.pdf>
www.ryedale.gov.uk

General Principles for Commissioning

The following general principles will be used as the basis for the development of a Ryedale Strategic Commissioning Strategy:

- Commissioning is defined as the entire cycle of assessing needs, designing services, securing services, evaluating outcomes.
- The Council recognises the need to balance delivering cost savings and efficiencies and with the need to deliver good quality responsive services.
- People and place will be placed at the heart of commissioning and the Council will involve service users and the local community throughout the cycle.
- The Council will recognise and embrace diversity in the way services are provided with the focus on desired outcomes and not on the service delivery vehicle (public, private or third sector).
- The Council supports a sustainable commissioning model where the broader social, environmental and economic impacts of procurement and commissioning processes will be considered when making decisions on how best to procure goods and services.
- The Council has a key role to play in developing local markets.
- Commissioning and procurement decisions will be undertaken in an open and transparent way and in line with local and national financial regulations.
- The Council will actively seek opportunities for joint commissioning across local statutory bodies in the search for best value.
- The Council will manage its commissioning activities through the establishment of a Commissioning Board.

Draft Scope for a Commissioning Board

Membership:

The Board is comprised of 10/11 Members of the Council.

The Board is appointed at Annual Council and is subject to political proportionality.

The Board has powers delegated to it from Council and as such is subject to Overview and Scrutiny.

Role and functions:

- Facilitate the development and adoption of a Commissioning strategy and model;
- Develop sustainable procurement policies;
- Oversee the commissioning cycle;
- Provide the necessary corporate challenge for existing services and existing delivery vehicles;
- To support the Council in its move to a mixed economy for service delivery by providing the means to explore new approaches to contracting, procurement, grant allocations and collaboration;
- To give political guidance on proposals arising from the appraisal of options for service delivery;
- The governance of major commissioned projects and contracts.
- To provide Member approvals for resource allocation and budgeted spend in line with the Council's schemes of delegation and financial standing orders;
- To monitor the performance of commissioned services and contracts against agreed community outcomes.