

Strategic Commissioning

Answers to questions

Why do we need to change?

Cheltenham Borough Council generally performs well in delivering high quality public services at a reasonable cost. However the environment for delivering public services is changing and a particular challenge is the severe financial restraint which the public sector will face - local government in particular.

Whilst our 'bridging the gap' approach has been successful in delivering savings in order to close the budget gap without damaging services there is clearly a limit as to how far such efforts can take us without the need (in appropriate cases) to change radically the design and delivery options for services.

When services are redesigned it is important that citizens, service users and council tax payers are the focus of the service specification process. Further, partnerships generally appear set to become an important tool in delivering better outcomes at less cost as evidenced by the 'Total Place' initiative. It is thus increasingly important that we work closely with partners to achieve the citizen focussed outcomes which have been jointly agreed for the town.

Many of the issues facing people within the town such as enhancement of our physical environment, the town's economy and its carbon footprint, crime and anti-social behaviour, public health, all depend on contributions from a range of different agencies and organisations. A Strategic Commissioning approach could transform joint working by starting with mutually agreed outcomes for people and communities which inform the objectives for service specifications across relevant partners; in turn enabling the pooling of budgets so as to commission services collectively taking advantage of economies of scale.

What does 'Strategic Commissioning' mean?

Definitions of Strategic Commissioning vary, here are three examples:-

"The cycle of assessing the needs of people in an area, designing and then securing appropriate service." **Cabinet Office**

"Securing the services that most appropriately address the needs and wishes of the individual service user, making use of market intelligence and research and planning accordingly." **Institute of Commissioning Professionals**

“The means to secure best value and deliver the positive outcomes that meet the needs of citizens, communities and service users.” **Institute of Public Care**

Is Strategic Commissioning an established approach?

Strategic Commissioning has been around for many years. The NHS has been using commissioning extensively since the 1990s and all unitary and top tier authorities have been encouraged to adopt a commissioning approach in the provision of services for older people/vulnerable adults and in relation to children and young people services.

We have made contact with councils such as Torbay and the London Borough of Hounslow who have used Strategic Commissioning in a more systematic way and structured their organisation round it. Furthermore there is considerable interest in the local government world in extending the use of strategic commissioning to meet the financial and partnership challenges the sector faces.

Are other district councils using Strategic Commissioning?

We understand that several district councils are seeking to extend their use of commissioning though we have not yet investigated these in detail. Some work with districts that are developing their thinking in this area would clearly be desirable.

So what is involved in this approach?

The basic elements are:

- A thorough understanding of the needs and aspirations of people who rely or might in the future rely on the Council, perhaps because they live, work or learn here or because they are visitors. In addition we will want to identify the needs which support Cheltenham as a place, for example for a strong local economy, an attractive environment or for physical regeneration.
- Work with partner agencies is vital in fully understanding the needs of people and place and therefore partnership working is fundamental to Strategic Commissioning. It might mean that others are commissioners and we are commissioned to deliver services, for example through projects stemming from the county thematic partnerships.
- Having identified and assessed (with partners) the needs, outcomes can then be identified to address those needs. Outcomes in this context are clear and specific statements about what the end result would be of delivering a particular service, project or initiative.
- Commissioning requires prioritisation, to ensure resources (finance, people and assets) are used to best effect and therefore outcomes will need to be prioritised and the commissioning of outcomes to take place over a planned period.
- A thorough understanding is required of the current state of the market for services capable of contributing to the achievement of the desired outcomes.

This may involve taking positive action to develop a market for example by setting up a local authority shared service or enabling the voluntary and community sector to build its capacity to carry out a provider role. Already several of the larger county wide third sector organisations have indicated that they want to work collectively with the public sector to help deliver outcomes in a more cost effective way.

- Commissioning judgements need to be made transparently and objectively and to this end separation is needed between the team leading on commissioning the service and any internal providers of that service. Where a decision is made to test the market with external providers (whether or not there is an internal bid) a thorough procurement process needs to be followed.
- Service specifications focussed on outcomes need to be developed by the Commissioner which, for the most part, leave the methods of delivery to the provider. Specifications need to be equally robust where a service is being provided in house as when it has contractual force with an external party. Whatever the delivery arrangements the relationship with the provider needs to be a partnership approach as opposed to a purely transactional approach to ensure that there is a degree of flexibility to meet changing demands.
- Once the service has been commissioned the delivery arrangements need to be carefully monitored to ensure that the desired outcomes are being achieved and any under-performance needs to be managed effectively.

Is this different from what happens now?

Yes, in that we currently do not have the citizen and market information we need to make a success of Strategic Commissioning, nor have we got sufficiently defined outcomes which are agreed with our partners. As most of our services are provided internally we have tended to see service improvement as an incremental process and tend to avoid prioritising between services. Whilst many of our services are becoming more commercial in their approach those commercial disciplines do not really drive service improvement and value for money. Also, the people ultimately responsible for monitoring and managing performance are those running the services themselves which inevitably raises concern about potential conflicts of interest.

What changes in structure would be required?

Strategic Commissioning will involve adapting current senior officer roles to meet new challenges. Given the range of functions and responsibilities which the Council carries I consider that there is currently a need for dedicated Strategic Commissioning roles at senior level separated from provider side roles. There would be a further need to have what I describe as a 'hub' which provides the central support activities essential for the smooth running of the Council.

Set out below is a broad idea of the way the Council might look with a Strategic Commissioning structure, though I have not attempted to define the initial provider structures at this stage. The principle that I would wish the Council to adopt in moving to these structures (should councillors approve my approach) is that we should not see this as a radical restructuring but an evolutionary process to a new way of working which therefore requires a different internal structure within the Council. Thus the aim in bringing about the new roles and structure should be at worst cost

neutral, but capable of delivering savings through a thorough re-evaluation of the need for and grades of any senior posts as they become vacant through normal staff turnover. The main savings will arise as a result of future commissioning of services.

At this stage I would provisionally describe the functional responsibilities of three Strategic Commissioning blocks and the functional responsibilities of the 'hub' as follows:-

Sustainable Communities:

- Public and private housing
- Regeneration
- Built environment
- Local economy
- Crime and anti-social behaviour

Cleaner and Greener Environment:

- Waste management
- Parks maintenance and development
- Street cleansing
- Cemetery and crematorium
- Regulation and enforcement

Culture and Sport:

- Art Gallery and Museum
- Town Hall
- Tourism
- Leisure and well-being
- Grants and cultural outreach

The 'Hub':

- Governance and democracy (i.e. Democratic Services, Audit, member support)
- Commissioning and procurement support (new or revised roles could be needed here)
- Traded support services (i.e. Legal, HR, ICT, Property, Finance)

As partnership working is so important what are we doing to facilitate that?

A crucial strand of work to be undertaken by the programme relates to partnership improvement within Cheltenham. It is based around the Cheltenham Strategic Partnership and its six delivery groups and aims to ensure that we have a common view on needs, priorities and application of resources which should help to develop joint commissioning of services for people and places. One aim will be to adopt a new Community Strategy during 2011.

What does it mean for elected members?

What a Strategic Commissioning approach will do is place additional demands on elected members to do the following:-

- Fully engage in partnerships.
- Understand the evidence base for identifying the needs of people and place within Cheltenham.
- Developing a vision for the outcomes that we together with partners wish to achieve for the town, its people and communities.
- Prioritise those outcomes to ensure that the most important issues are addressed first.
- Participate in Strategic Commissioning activity in a way which adds value and political legitimacy to the choices of provider which are made.
- Assist commissioners to monitor and manage provider performance by engaging in effective scrutiny of provider performance.
- Promote constituents' interests and issues through recognised channels which apply regardless of the provider of the service.

In consequence there will be an opportunity to reconsider and adapt the Council's approach to the way the cabinet operates and to overview and scrutiny. The community and neighbourhood role of elected members may also need to be reinforced to reflect a stronger focus on locally based commissioning.

If we approve the principles what happens next?

Our activity over the next few months will be focussed on putting the building blocks in place to create an organisation based upon a strategic commissioning approach.

We will look to form a cross-party group of members which can provide guidance and feedback on emerging proposals and assist in resolving strategic issues. It is essential that the group advises on how member roles will develop and voices the citizen's perspective on our plans.

Elsewhere in our change programme, other workstreams are determining how we can develop skills and confidence within the organisation in commissioning principles and techniques and engaging with partners on the alignment of commissioning strategies and specific plans for joint commissioning of services from 2011 onwards.

Alongside this, we will be completing our work on describing how the commissioning process will work in Cheltenham. Involving officers from across the organisation and taking advice from other councils, our partners, and independent experts, we will propose the changes that need to be made to the council's officer structures. I will bring forward a further report to members which will set out the changes, how the transition to a new structure will take place, and any savings that may be generated.