

By: Paul Carter, Leader of the Council

To: County Council – 15 May 2014

Subject: Facing the Challenge: Towards a Strategic Commissioning Authority

**Summary:** This paper highlights key areas in which we need to strengthen our capability, to enable KCC to become a more effective strategic commissioning authority. It also provides more detail on the proposed role of Members in commissioning.

**Recommendations:**

The County Council is asked to agree the following:

- a) The development of the Council's Strategic Commissioning Plan as set out in section 6
- b) The role of providing effective and joined up commissioning leadership across KCC should lie with Cabinet, as outlined in section 7.10
- c) The cross-party Transformation Board be tasked to examine in more detail the role of Members in commissioning, as set out in section 7.12
- d) A set of projects be established by the Corporate Director for Strategic and Corporate Services / Head of Paid Service, in his role as Senior Responsible Officer for the Business Capability Transformation Change Portfolio, to:
  - Develop a Strategic Commissioning Plan and Outcomes Framework
  - Work with commissioners to develop a Commissioning Framework for KCC
  - Define and improve our Commissioning Support offer to commissioners.

**1. Introduction:**

1.1 'Facing the Challenge: Whole-Council Transformation' approved by County Council in July 2013 set out the overarching strategy of becoming a strategic commissioning authority that KCC would need to follow to meet the financial pressures emanating from both increase demand for services and a reduced level of central government grant.

1.2 To date, the Facing the Challenge transformation programme has focused on delivering a new operating framework and the completion of the first phase of market engagement and service reviews. There is, however, increasing appetite from both Members and staff, evidenced by the findings of the recent Commissioning Select Committee and the LGA Corporate Peer Challenge of KCC, for greater clarity on what a commissioning authority means for KCC, its staff and its service users.

1.3 The timing is ideal, as we enter Phase 2 of the transformation programme, that we can begin to bring the learning from the LGA Corporate Peer Challenge, the Commissioning Select Committee, and the engagement from other authorities through Phase 1 of Facing the Challenge together, to provide a clearer and more comprehensive picture of what KCC as a strategic commissioning authority should be.

1.4 It should, however, be remembered that 'Facing the Challenge: Whole Council Transformation' envisaged KCC becoming a strategic commissioning authority over a number of years. It is not possible to simply flick a switch and become a strategic commissioning authority, in the way that we envisage, overnight. Nor do we yet have all the detailed answers to all the specific questions that exist. We are, however, in a position to put greater 'flesh on the bones', so that through Phase 2 of Facing the Challenge, we can ensure that the characteristics and capabilities of an effective strategic commissioning authority are increasingly in place.

## 2. Why A Commissioning Approach For Kcc?

2.1 It is important to remember why a strategic commissioning authority model is appropriate for KCC, especially given that KCC is not new to commissioning but carries out commissioning across a full range of people and place based services on a daily basis.

2.2 KCC spends £1billion on goods and services from external suppliers, across a range of services from highways to adult social care. If becoming a commissioning authority was merely about more services being provided by external suppliers through increased contracting, then KCC could justifiably argue that it is already a long way to being a commissioning authority.

2.3 This is not, however, how KCC, or many other councils, define what it means to be a strategic commissioning authority. The Local Government Association makes some important points about commissioning that are worth noting:

- **Commissioning and procurement are not the same:** Procurement is the process of acquiring goods, works or services from providers and managing them through a contract. A commissioning strategy may result in procurement, but could just as easily result in a policy change or an information campaign. There are many ways to deliver outcomes.
- **Commissioning is not privatisation or outsourcing:** Commissioning does not start with a preconception that services should be provided by a particular sector or type of provider. Who delivers the outcome remains the choice of the council based on the recommendations from the commissioning process.
- **Commissioning is not just about the bottom line:** It is about finding the most efficient way to deliver services, but it is also about creating value – either economic, social or environmental value – by incorporating costs and benefits more clearly into decision making.

2.4 These points were reflected in the way KCC described how it would operate as a strategic commissioning authority in the July 2013 Facing the Challenge paper, which stated:

*“KCC will be a commissioning authority. This does not mean that it will have divested itself entirely of any role in providing services and have adopted a purely enabling approach. Instead, KCC will have a strong understanding of community and user needs, the outcomes it wants to achieve within the resources available, and the range of providers, either in-house or external, across the public, private and voluntary sector that have the capability to deliver these outcomes.”*

2.5 So whilst Facing the Challenge does open up the potential for more KCC services currently provided in-house to being provided through external suppliers through market engagement and service reviews, it is the emphasis on delivering through the whole commissioning cycle, rather than just focussing on the procurement or contracting arrangements for services, that defines what it means to be a strategic commissioning authority.

**Diagram 1: Stages of a typical commissioning cycle**



2.6 Diagram 1 above sets out a standard commissioning cycle of analyse, plan, do and review. If we look at the commissioning cycle as a whole, it is clear that KCC is relatively stronger in some stages of the cycle and relatively weaker in other stages. Whilst all the stages of the commissioning cycle are discharged to some extent, traditional local government delivery models, including KCC, have more heavily focussed on the ‘plan’ and ‘do’ stages, especially where services are provided in-house.

2.7 However, in becoming a commissioning authority we must give equal importance, and be equally focussed on delivering the ‘analyse’ and ‘review’ stages, to ensure that there is clarity on the outcomes we are seeking to achieve, that these outcomes are evidence based and informed by a strong understanding of our customers, and that we review, in a structured way, whether services are meeting the outcomes intended. This will inform whether they should be recommissioned or

decommissioned, or any issues necessary to be addressed in the next iteration of the commissioning cycle.

2.8 Alongside this increased prioritisation of the 'analyse' and 'review' stages of the commissioning cycle, our approach to the 'plan' and 'do' stages will also develop. This will include a greater focus on outcomes at strategic and service level and the holding of providers, both internal and external, to account for achievement of these outcomes. These stages will be underpinned by a strong client model which requires clarity on outcomes, robust commissioning processes, and effective procurement capabilities.

2.9 By becoming excellent at each stage of the commissioning cycle, and having the discipline to follow the commissioning cycle in full across all KCC services, a commissioning authority will help ensure that:

- Every pound spent benefits our residents and is value for money for Kent taxpayers
- All KCC activity is focused on the delivery of our strategic outcomes
- All decisions taken, and services commissioned, are based on a strong understanding of customer need
- Every option considered for the delivery of services is done so on the basis of a full understanding of true costs
- The strengths of the voluntary, community and private sectors in Kent are fully utilised
- Tough decisions, including when to decommission services, are taken in an appropriate and timely manner.

### **3. Other Local Authorities' Approaches To Commissioning**

3.1 Given the pressures that exist across the local government sector, it is not surprising that other local authorities are also increasingly seeking to adopt a strategic commissioning authority approach. Whilst it is simply not possible to transpose one authority's model to KCC, where we can learn from others who are going through a similar journey, we should seek to do so.

3.2 The **London Borough of Croydon** has implemented a model similar to KCC in that Directorates maintain responsibility for commissioning, however they have also established a central Strategy, Commissioning, Procurement and Performance function that has responsibility for providing oversight of this directorate commissioning to ensure cross-cutting synergies are identified and commissioning is joined up around outcomes. This single hub brings together resources from across the Council in order to enable frontline services to develop strategy and strategic commissioning across the organisation, develop a consistent professional approach to commissioning, procurement and category management, support performance management and deliver better performance outcomes, and ensure all of these functions work sympathetically as enablers to both serve and challenge services. In addition they have a Corporate Commissioning Board which has oversight of all directorate commissioning strategies and ensures all potential synergies are explored.

3.3 **Worcestershire County Council** is also currently implementing a devolved commissioning model, with all commissioning taking place within Directorates. To

ensure that service silos are avoided and a cross-cutting focus on outcomes is achieved, they are implementing a matrix working approach, with six key outcomes (e.g. Act Local, Stronger Families, Personalisation) so that commissioning plans from each Directorate are brought together to ensure that a joined up approach is being taken at all times. They are establishing a Commissioning Support function which will have responsibility for key skills and functions necessary for effective commissioning, specifically commercial, financial, legal, procurement, intelligence, contract management, programme and change management, and IT enabled change. This unit will provide advice and support to commissioners within Directorates to ensure that commissioning is being carried out to a consistently high standard.

3.4 The **London Borough of Sutton** has also taken a devolved commissioning approach, keeping all commissioning within Directorates. They have developed a corporate commissioning framework, which all commissioners apply, and have also set up an internal commissioning network to share best practice across commissioning Directorates to help avoid silo-based commissioning. The Council is currently considering setting up a 'commissioning support hub' to maintain commissioning standards, lead on effective market engagement, and oversee procurement activity to support commissioning.

3.5 **Gloucestershire County Council's** centralised Commissioning Directorate is supported by a small Enabling and Transition directorate providing the tools needed to support Delivery and Commissioning and the wider Council through change. In addition they have recently decided to establish a new Commercial Service that will be a centre of expertise for procurement, category management and contract management across the organisation. The service will also act as a 'doorway' to wider commercial support needs, including internal support services (e.g. Finance, HR, Legal), and therefore simplify the management arrangements for new commercial projects.

#### **4. Characteristics And Capabilities Of An Effective Strategic Commissioning Authority**

4.1 Although the approach taken in each authority above differs, most notably as to whether commissioning sits within services, in specialised teams or is undertaken corporately, they all share a common set of characteristics that are pre-requisites for an effective strategic commissioning authority.

- **Absolute clarity on the strategic outcomes:** By providing clarity on the strategic outcomes the authority is seeking to achieve for residents and services users, and reinforcing this through the wider commissioning, policy, performance and risk frameworks, the intention is to create flexibility for both commissioners and providers to innovate and provide 'bottom-up' solutions in the design and delivery of services to meet strategic outcomes.
- **Clearer roles and responsibilities:** Recognising that there are clear and distinct roles within the commissioning cycle, authorities adopting a commissioning authority approach make a clearer distinction (not necessarily always structural) between those who are commissioning services and those providing services irrespective of whether providers are in-house or external. They also make a clearer distinction between commissioners, commissioning support services (e.g.

procurement), and the corporate core of the organisation that supports the policy, risk and performance frameworks for the authority.

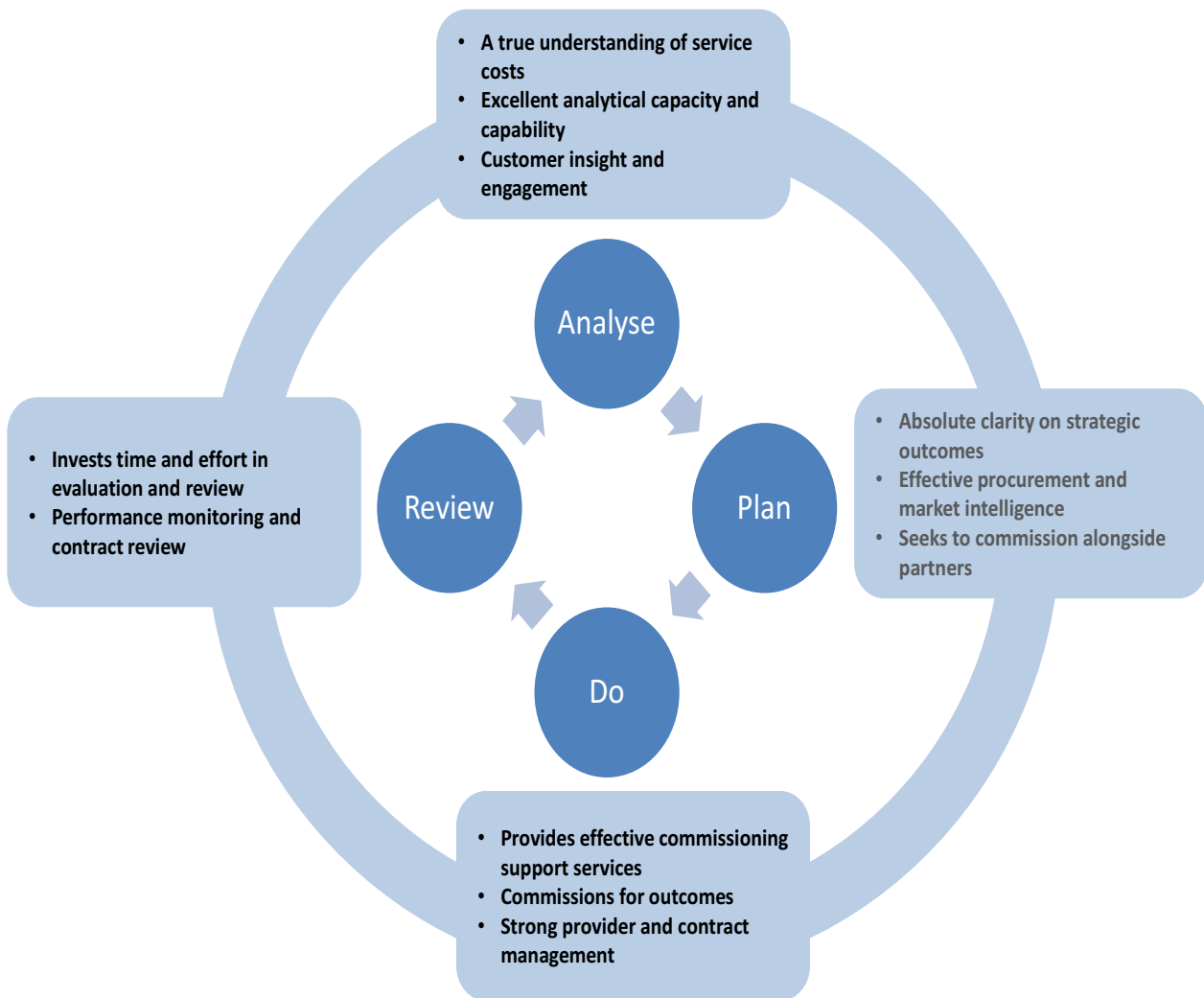
- **Effective commissioning support services:** it is recognised that commissioners cannot do effective commissioning solely by themselves, and that effective commissioning support services are vital to successful commissioning. In particular, specialist or technical areas such as data analytical capacity, customer insight, effective procurement and contract management support need to be sufficient to provide wrap around support to commissioners.
- **Commissions for outcomes, rather than outputs:** there is a widespread recognition across the public sector that if we commission the same services and activities as we always have, we are unlikely to see a significant change in outcomes for residents. Instead, we need to work with our residents to determine the outcomes they need KCC's support to achieve, and then determine how we can target resources more strategically to achieve these outcomes. This also means holding providers to account to ensure their success is measured in difference made, not in outputs and activities delivered.
- **Robust decision-making:** in addition to ensuring that all commissioning decisions are underpinned by strong evidence of customer need and evaluation of service effectiveness, effective strategic commissioning authorities ensure that suitable governance is in place at both member and officer level to ensure appropriate commissioning decisions are taken. Linked to this, clarity is required between officer, Executive member and non-Executive member roles in commissioning and commissioning decisions.
- **Increasingly seeks to commission alongside partners:** improving outcomes for a population are not the domain of a single organisation, but rather requires the input and expertise of partners across the public sector. As KCC is already doing in many instances, authorities adopting a commissioning approach are pooling financial and other resources across partners, not only reducing duplication but also providing a more integrated and effective experience for service users.
- **Invests time and effort in evaluation and review:** the 'review' stage of the commissioning cycle review is as important as the other stages, and effective commissioning authorities use their data analysis information and expertise to test and question the effectiveness of services at regular intervals. This can lead to 'fine tuning' or even major changes to specifications before re-commissioning, to learn from what has worked and not worked.
- **A true understanding of the service cost:** commissioning authorities which are agnostic about delivery models need to have a deep understanding of the cost of their services, to ensure that commissioning budgets are realistic, to ensure a level and transparent playing field in any procurement exercise, to give providers sufficient flexibility to deliver outcomes in the way they choose, and to ensure that the Council does not carry residual costs after a service has been changed or decommissioned.

4.2 Alongside these characteristics is a set of capabilities a strategic commissioning authority requires if it is to be effective. These include:

- **Analytical capability:** Commissioning should be evidence based and driven by insights from structured analysis of all available data about customers and their needs, as well as data about costs and the effectiveness of services and interventions. This helps to ensure commissioning of the right services in the right way to make the biggest impact on achieving outcomes, but also in focussing on the root causes of issues and commissioning services to prevent demand.
- **Customer insight and engagement:** There needs to be strong capability around customer insight, so that services being commissioned fully reflect both the needs of our service users but also how they want services to be delivered to them. There should be increased co-production and co-design of services with service users wherever possible, to ensure they are not over-specified or specified around professional/provider bias.
- **Procurement & Market Intelligence:** commissioning for outcomes means that an enhanced set of procurement skills are required by commissioning authorities. Deep understanding of changes in our markets is paramount, as is an ability to procure in a creative and innovative way to achieve the best outcomes and value for money for KCC and our residents. Regular engagement with the market, agility to capitalise on best practice and commercial acumen in contract development and negotiation are becoming core skills within commissioning authorities.
- **Provider and Contract Management:** An in-depth understanding of the markets in which services operate is required to ensure that we are continuing to secure the most innovative and effective providers possible, with strong and effective contract management arrangements in place to ensure that to strengthen the relationships we have with third and private sector providers, to ensure that they understand the outcomes we are aiming to secure for our residents, and so that they are fully committed to working in partnership with us to achieve these goals.

4.3 How these characteristics and capabilities map across to each stage of the commissioning cycle is set out in diagram 2 below:

**Diagram 2: Characteristics and capabilities linked to commissioning cycle**



## 5. What Areas Do We Need To Strengthen?

5.1 It is important to understand that the move to a strategic commissioning model does not mean that what KCC has done before has been inappropriate. Indeed, this would be very far from the truth. KCC has a strong reputation and track record on effective service delivery, as shown by many years of four star performance ratings from the Audit Commission and further reinforced by the positive findings from the recent LGA Corporate Peer Challenge of KCC. Similarly, there are many existing examples of effective commissioning within KCC, for example for services for carers. When we have faced challenges, such as in Children's social services, we have quickly and successfully invested to improve them.

5.2 If we accept the characteristics and capabilities of an effective strategic commissioning authority as set out in the section 4 above, then it is necessary to strengthen a number of key areas of current practice, and improve our capacity and capabilities in others. Over the course of Phase 1 of Facing the Challenge, our understanding of where we need to strengthen, and what needs to be done to address them, has become far clearer. These include:

- **We need to provide clarity on the strategic outcomes for the authority:** The critical starting point for any successful commissioning authority is a need for



clarity on the strategic outcomes it is seeking to achieve. We need to better define the strategic outcomes for KCC, both for Kent as a county at a population level, and across key KCC client groups. These strategic outcomes must then be aligned to specific commissioning objectives at both client and service level, so there is clarity across the organisation about who is responsible for achieving which strategic outcomes.

- **We need to develop a Commissioning Framework for the Council:** A council-wide strategic commissioning framework will enable consistency of approach to commissioning across KCC, providing a process and principles for commissioners to apply, and standards to meet, when commissioning any service. It should also define specific roles within the commissioning cycle, including the relative responsibilities of commissioning and procurement. It is important that KCC has a clear and consistent definition of both functions to provide clarity on roles and responsibilities, and to reduce confusion.
- **We need to improve the quality of our commissioning:** With a significant amount of external spend KCC is already commissioning many of its services. However, the effectiveness of this commissioning varies at present. To achieve maximum value from our resources we need to ensure that all commissioning is carried out more consistently and in a way that directly contributes to our strategic priorities. We need to shift to consistently using evidence to inform our commissioning decisions, commissioning on an outcomes basis, and evaluating the effectiveness of commissioned interventions. Particular focus needs to be on the quality our commissioning specifications ahead of engaging in procurement exercises.
- **We need to embed the principles of the Social Value Act in our commissioning and procurement activity:** KCC has already started to consider 'Social Value' and include social outcomes within our procurement process, however we need to take a more consistent and formalised approach to the consideration of grants as part of our commissioning approach, in particular for small-scale service provision. In addition, there is significant scope to improve the way in which we use the procurement process to improve social value.
- **We need to clarify our commissioning support offer:** At present, each Directorate finds its own solution to supporting commissioners, for example by creating business intelligence functions within Directorates. Not only does this increase costs for the Council through duplication, but it also dilutes our commissioning support expertise and capacity and makes it difficult for commissioners to know where and how to access effective support.
- **We need to improve our capability to analyse data:** KCC has a wealth of input and output data, but our strength to date has tended to be in performance reporting rather than genuine statistical analysis, which drives service and client insight and informs commissioning decisions. The recent work carried out by Newton Europe has demonstrated the significant value of this type of analysis, and has highlighted the lack of sufficient analytical skills and activity across KCC. Not only must we develop this capability, but we must also support a change in culture across commissioners and managers to use insight from data analytics to drive decision-making, service transformation and day-to-day management action.

- **We need to improve our customer intelligence capability:** At present there is a wide variety of ways in which this customer insight is obtained and used – the customer insight function within Business Intelligence is used to varying extents by different services, with some parts of the Council carrying out their own analysis. This not only leads to duplication of data and activity, but also means that our analysis may be incomplete and therefore lead to incorrect commissioning decisions. Key tools such as the Joint Strategic Needs Assessment (JSNA), which identifies need at a population and client level, should increasingly be central to a more holistic understanding of need and demand, and underpin joined up commissioning across KCC services and with our partners.
- **We need to improve our customer engagement capability:** to ensure that our commissioning decisions are appropriate for our residents, we need to be seeking resident views on their needs, what support would be most beneficial, and how they can help manage their own demand for support through a more structured approach. Like customer insight, this is done in a wide variety of ways at present, and there is no single source of expertise and capacity within KCC. This increases the risk of over-specification of services based on professional or provider bias rather than genuine customer need. Moreover, greater use needs to be made of Members understanding of local community needs as part of improved customer engagement.
- **We need to strengthen our provider and contract management capability:** As more of the Council's services begin to be delivered through alternative delivery models, our commercial acumen and ability to hold providers to account is vital. At present, some services have a well-established history of contract management and as such have strong skills, whereas these skills are lacking in other parts of the Council. Even in areas used to contract management, quite a traditional approach is being taken, with a focus on outputs rather than outcomes.
- **We need to ensure our policy, performance and risk frameworks are robust:** We need to ensure that there is a robust policy framework, which underpins the strategic priorities of the Council and ensures that corporate policy and strategies are applied consistently across KCC, for example a consistent policy for working with the voluntary and community sector. There needs to be clearer delineation between those policies and strategies that are corporate and apply across the whole council, and those which are service or client specific and the responsibility of services and commissioners. In short, there should be less, but stronger policy and strategy, with clarity about ownership and accountability.

5.3 Although there are a number of gaps listed above, it is worth noting that KCC is not starting from scratch. A number of these functions already exist in different parts of the council, the challenge is to better utilise the existing capacity and capability we have, or codifying and adhering to an approach across the council with a greater degree of discipline. In some cases, it may be more effective to buy particular capabilities in on a short term or contractual basis. By strengthening our capabilities in the areas highlighted, KCC will begin to develop a strategic commissioning model that effectively supports operational commissioners to focus on improving outcomes for Kent residents.

## **6. Addressing The Gaps Through Phase 2 Of Facing The Challenge:**

6.1 It is possible to identify three key work streams that need to be progressed through Phase 2 of Facing the Challenge to address the gaps identified above, and move KCC, at greater pace, towards a commissioning authority model. These are:

- Developing a Strategic Commissioning Plan and Outcomes Framework
- Work with commissioners to develop a Commissioning Framework for KCC
- Defining and improving our Commissioning Support offer to commissioners.

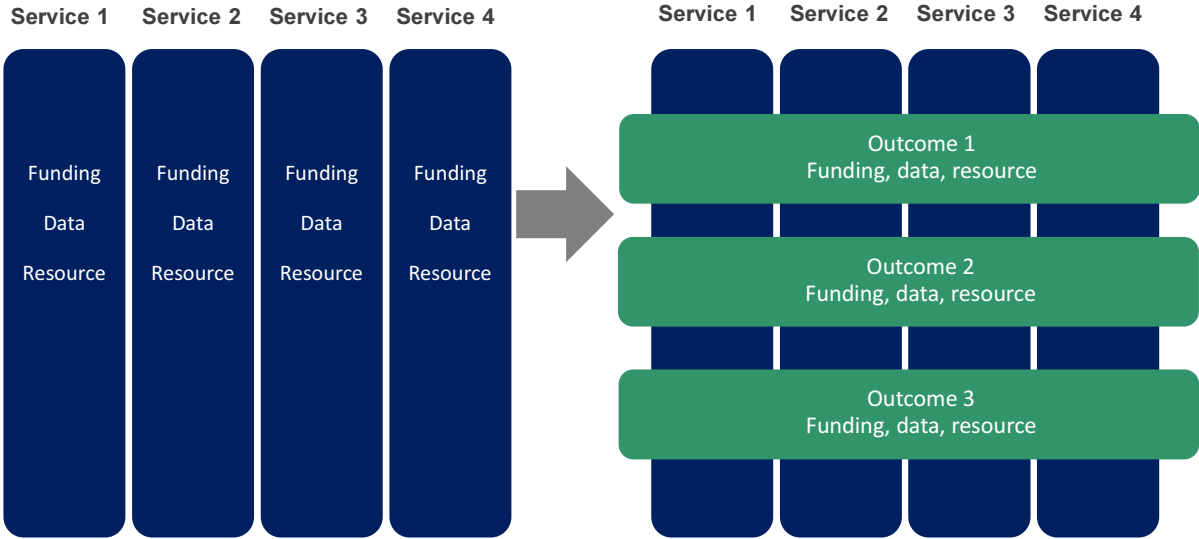
### **Developing a strategic commissioning plan and outcomes framework**

6.2 KCC has a long track record of developing strategic statements to set the overall direction and priorities for the authority over the medium term, normally a four-year period. Under the KCC constitution, the strategic statement is a matter reserved for the County Council approval, and previous iterations, such as *Towards 2010* and *Bold Steps for Kent* have proved effective mechanisms to frame member priorities for the organisation.

6.3 It is logical that the next strategic statement should become a strategic commissioning plan and outcomes framework for KCC, both reinforcing and supporting the development of KCC in becoming a commissioning authority. In many ways delivering the strategic statement through a strategic commissioning plan doesn't change the fundamental purpose of the document, as it will still be Member-led and approved, focus on the medium-term priorities for members and be expected to drive activity across and within KCC.

6.4 However, in a number of areas a strategic commissioning plan would look and feel very different. Traditionally, the strategic statements have set priorities based around individual KCC services, although *Bold Steps* tried to break away from this to a certain extent, it did not set outcome targets spanning all KCC client groups. By setting out the strategic outcomes for all KCC key client groups, the strategic commissioning plan should cut across service silos and set bold and ambitious outcome targets which drive commissioning and service activity at client level, rather than at service level, across the whole authority. Diagram 3 provides an illustration of how an outcomes-based commissioning approach would sit across services.

**Diagram 3: Illustration of outcomes-based commissioning approach:**



6.5 Once these client level outcomes are agreed it is important for the Strategic Commissioning Plan to identify the commissioning priorities that are required to support the delivery of these outcomes. By identifying these commissioning priorities, the commissioning plan begins to build a picture of the changes to services that are going to be delivered, and strategically drives commissioning activity across the authority.

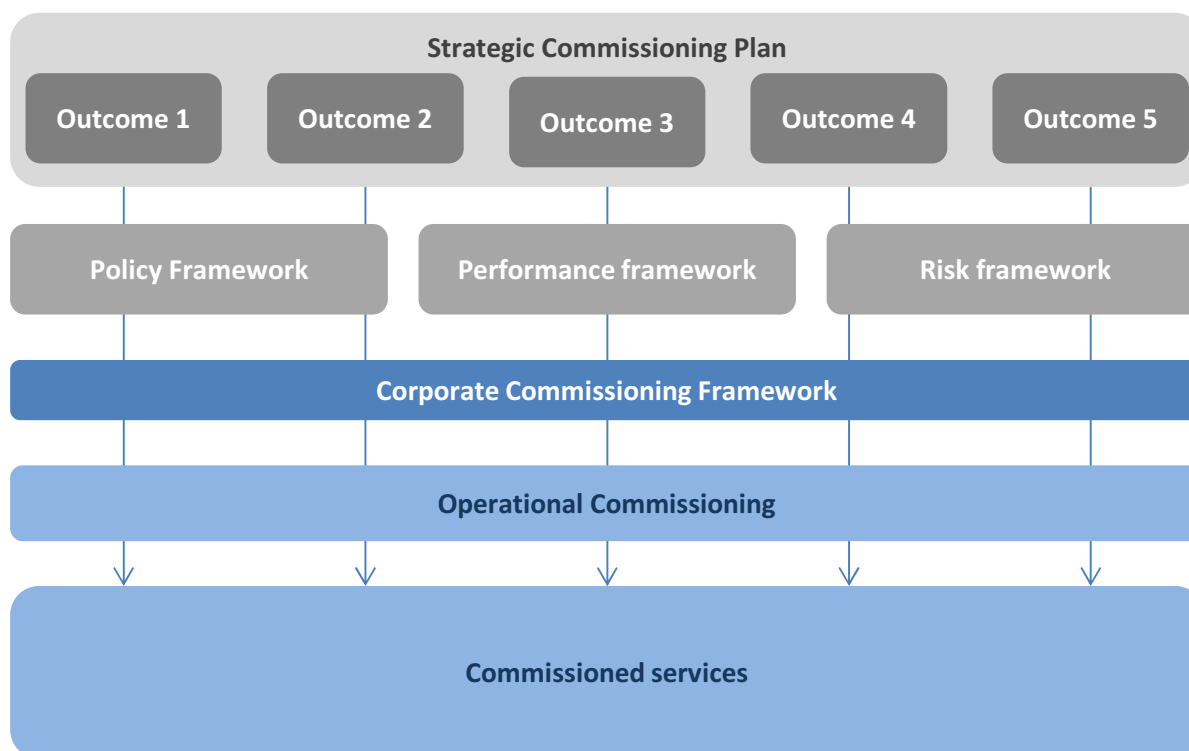
6.6 An essential part of the Strategic Commissioning Plan is not just the identification of what those outcomes are, but also the strategic performance indicators, targets and supporting indicators that are necessary to measure whether outcomes are being achieved, and what impact KCC services are having in delivering those outcomes. It is critical to agree the outcomes framework alongside the commissioning plan, as it is a fundamental component and essential underpinning of a stronger performance management framework, providing clarity for commissioners and service providers on what they will be held accountable for delivering.

6.7 The Strategic Commissioning Plan should also better link resources, particularly financial resources, to the outcomes for our residents and service users, including any financial investment, constraints and disinvestment decisions need to deliver those outcomes.

6.8 One risk in adopting this approach for a Strategic Commissioning Plan is that services may not automatically see the link between the strategic priorities and outcomes and their service activity. However, it is possible to link client based outcomes to particular services through mapping strategic outcomes to commissioning objectives and then to service priorities. For example, the way in which Gloucestershire County Council tests this link between outcomes and commissioned services is shown at Appendix 1.

6.9 An illustration of how we will apply this approach through the Strategic Commissioning Plan, the KCC strategic commissioning framework and commissioning within Directorates is shown in Diagram 4 below:

**Diagram 4: Strategic Commissioning Plan:**



6.10 Responsibility for developing the Strategic Commissioning Plan and Outcomes framework will rest with the Council's Policy function, working closely with key stakeholders across KCC.

6.11 The existing strategic statement, Bold Steps for Kent, was due to run until the end of 2014/15 and be replaced for the financial year 2015/16 onwards. However, given the importance of delivering Facing the Challenge we have decided to close Bold Steps for Kent early, so that there is no confusion that delivering Facing the Challenge is the immediate priority for KCC, and develop the revised strategic statement for 2015/16 onwards as part of Phase 2 of Facing the Challenge. To ensure that the Strategic Commissioning Plan is ready for the spring of 2015, we anticipate carrying out a public consultation in autumn 2014.

### **Developing a commissioning framework**

6.12 The purpose of having a council-wide commissioning framework is to ensure that:

- All commissioners are commissioning services to the same high standard, making best use of the tools and resources available
- Commissioners and partners understand how we will be commissioning jointly e.g. with Clinical Commissioning Groups where appropriate
- Providers understand the process that KCC uses to commission services, and understand how they can be involved at each stage
- All providers are held to account in a consistent way, so raising standards and ensuring outcomes are delivered
- The Council is fulfilling its responsibilities of transparency and fairness.

6.13 The development of this framework will be carried out by working closely with a broad range of commissioners, and will build upon recommendations from the

Commissioning Select Committee and the LGA Peer Challenge, as well as making use of sector best practice.

6.14 It is anticipated that the framework will be a short, practical document covering:

- The steps to follow at each stage of the commissioning cycle, including involvement of Members, residents and providers
- What 'good' looks like at each stage including commissioning principles to apply
- Role definitions and who has responsibility for various activities at each stage
- Resources available for commissioners to draw upon from within KCC
- How success will be measured.

6.15 The framework will also provide clear guidance on how to apply the principles and requirements of the Social Value Act to ensure that we are maximising social value from our external expenditure.

6.16 The final element of the framework will be the development of a short commissioning toolkit to be used by commissioners and help them to apply the framework in practice. This is an approach that has been used successfully by several other commissioning authorities and will enable us to develop the skills of our workforce.

6.17 As the commissioning framework will be developed to enable commissioning council-wide, responsibility for its development will rest within the Business Capability Transformation Change Portfolio, who will facilitate the coordination of a broad range of commissioners and other stakeholders.

6.18 A draft commissioning framework will be developed by early autumn 2014 for consideration by Cabinet, with a final version to be agreed by the end of Q2 2014.

### **Defining and improving our Commissioning Support offer to commissioners**

6.19 As highlighted above in section 5, it is vital that commissioners across KCC have a clear understanding of the commissioning support that is available to them, to enable them to commission as effectively as possible.

6.20 To improve our Commissioning Support offer, we will firstly work with commissioners to understand what support will help them to commission effectively. We will also engage with other commissioning authorities further ahead on this journey, to identify what support they have provided to commissioners, or potentially more usefully, what support they realise now would have been useful at an earlier stage.

6.21 As part of this, and as agreed in the Facing the Challenge update in March 2014, an exercise will be carried out to identify all officers across KCC currently involved in commissioning in any way. This will enable us to clarify roles and responsibilities of all officers involved in commissioning, and update our Workforce Development Strategy to reflect the changing skills and behaviours required within the organisation. This will enable us to provide commissioning officers with any necessary training and support, as for many staff they will have previously have been operational service managers and the shift from provision to commissioning is not one that we should expect to be made without any support.

6.22 In parallel we will need to review the Commissioning Support services within KCC at present, to determine if they are fit for purpose, whether the skills and capacity within them is appropriate for our future needs, and identify any changes required to better support commissioners. This may result in changes such as new skills being brought in if they do not exist internally, or a repurposing of existing functions to ensure that they are joined up and provide a high-quality support service to commissioners.

6.23 As the Commissioning Support offer enables all KCC directorates, responsibility for its development will rest within the Business Capability Transformation Change Portfolio, in parallel with the changes being made to other KCC support services.

6.24 Proposals for the Commissioning Support offer will be developed by early autumn 2014 for consideration by Cabinet, with a final version to be agreed by the end of Q2 2014.

## **7. THE ROLE OF MEMBERS IN A STRATEGIC COMMISSIONING AUTHORITY**

7.1 Somewhat naturally, there is significant interest from both elected members and officers in the future role of members in a strategic commissioning authority. Whilst some local authorities have already begun operating strategic commissioning approach, most are at an early stage in defining the member role. It is also important to remember that there are only a few authorities in the country as strongly member-led as KCC.

7.2 As such, whilst the member role in a strategic commissioning authority will undoubtedly develop over time, and we can anticipate some likely changes now, the role of elected members in commissioning in KCC will be stronger than most other local authorities.

7.3 KCC is, and will remain, a strongly member-led authority with members, in both executive and non-executive roles, acting as the strong client responsible for holding commissioners and providers to account for delivery of strategic outcomes. The Members' strong client function will be based on detailed understanding of our customers, agreeing commissioning specifications, overseeing the procurement process, effective contract management and robust monitoring of both commissioners and providers.

7.4 Members have a wide variety of personal and professional experience to bring to commissioning, especially as it places the resident / service user at its heart. Member's local leadership role will be vital in ensuring the needs of their local communities are reflected in the KCCs priorities and commissioning decisions.

7.5 In many respects the current member role mirrors the issue identified at the beginning of the paper in paragraph 2.5, relating to the need to develop a broader approach and focus across each stage of the commissioning cycle. At the moment, KCC is very strong on the 'plan' and 'do' stage but relatively weaker at the 'analyse' and 'review' stages. This is reflective in the current member role with its strong focus on planning and performance monitoring based on service activity. However, a strategic commissioning authority is focused on the delivery of outcomes rather than services, with services a vehicle to deliver the intended the outcomes identified by members.

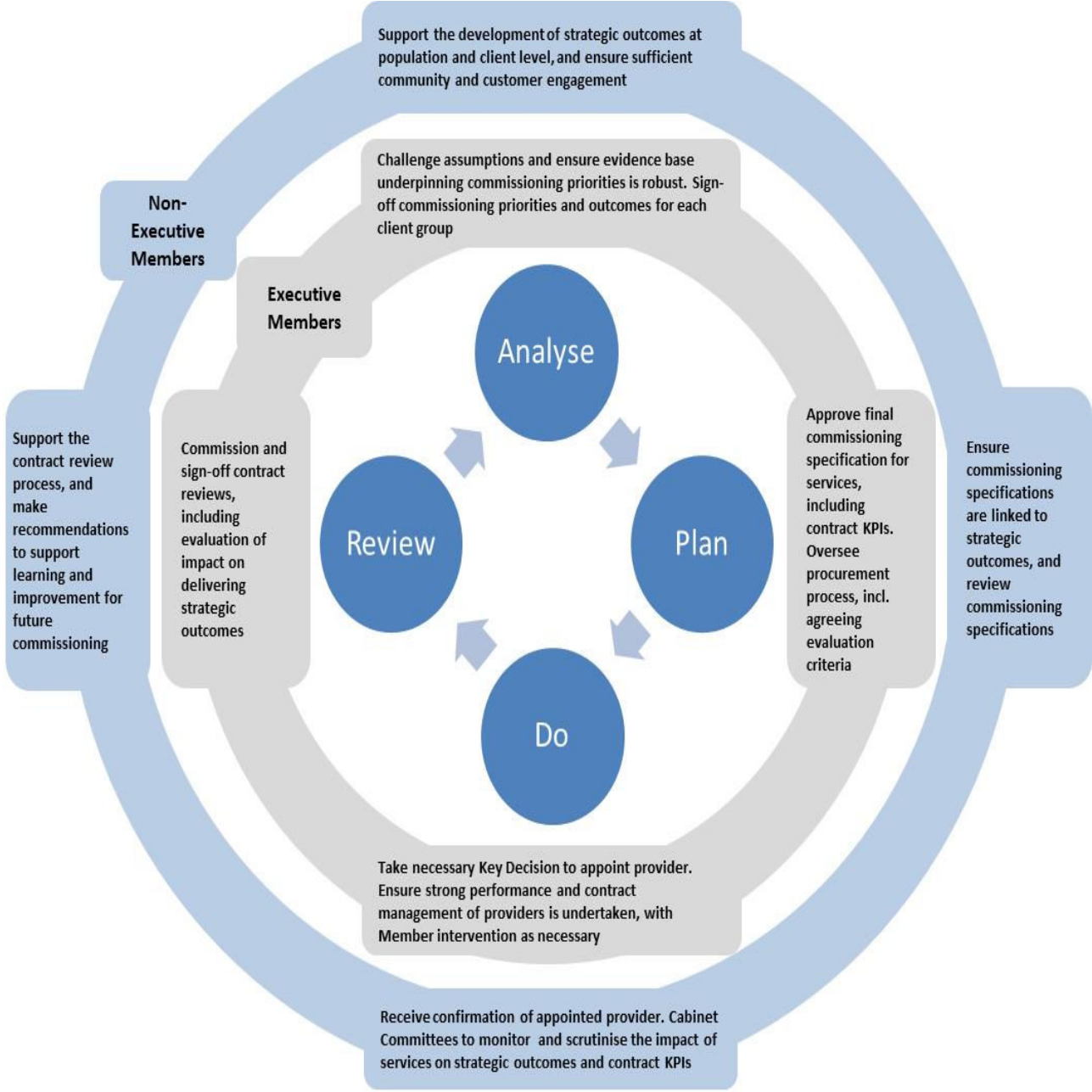
7.6 The move to a strategic commissioning model for the authority will further strengthen and reinforce the member role, for both executive and non-executive members. Whilst the role of members as decision-makers will not change, how members discharge their role may change. It will move from direct day-to-day oversight and management of service delivery to managing the delivery of outcomes through the commissioning cycle, through:

- Providing clear and visible political leadership for the authority through acting as the ultimate strong and intelligent client for Kent
- Agreeing the strategic commissioning plan and outcomes framework for the authority, identifying the key outcomes that members want the authority to achieve over the four-year period. These outcomes will become the key priorities for the council
- Working with senior managers to set the strategic direction for the organisation and develop the necessary commissioning, performance, audit and risk frameworks through which they will be able to exercise oversight and assurance
- Using their local knowledge to make sure that the Council responds to local needs, influencing the design of services and helping to monitor delivery against needs
- Ensuring that the service user / resident voice is fully reflected in commissioning specifications/standards
- Providing an essential 'challenge' role in ensuring the quality of the commissioning specifications aligns to strategic priorities, and setting quality and price criteria as appropriate
- Overseeing key procurement exercises to ensure they deliver service requirements at value for money
- Reviewing commissioned services to understand their impact and whether outcomes have been achieved, and consider opportunities for de-commissioning and re-commissioning of services as appropriate
- Engaging with market providers to help maintain effective provider relationships, including with VCS organisations, and where necessary challenging KCC providers on service performance.

7.7 A summary view of the future member role for executive and non-executive members within the commissioning cycle is set out in diagram 5 below (reproduced in larger scale in Appendix 2):



**Diagram 5: Summary of executive of non-executive role in the commissioning cycle**



7.8 The Member role will change in some respects. The aim of a strategic commissioning model is to focus on the outcomes to be achieved for residents and service users, with less of a focus on processes used to deliver services. We expect members to have less direct involvement in business support and transactional support services, which facilitate commissioning and service delivery, with Members more focussed on the significant commissioning questions around defining outcomes, agreeing commissioning specifications, monitoring performance and reviewing and evaluating commissioned services.

7.9 As the delivery models for many KCC services are likely to change, there will be a need to establish an intelligent client function in-house, which retains key strategic roles within the Council to commission and procure high quality, cost effective

services. A core responsibility of this function will be to act as a point of contact for Members to raise any concerns or issues that surround individual constituents and contracted services, and ensure that providers address these concerns as part of the contract delivery.

7.10 Moreover, depending on the delivery model chosen for specific services, the member role may become very different. For example, where services are provided through a local authority trading company (LATCO) the Council will establish appropriate governance structures in which members will play an important role, for example through representation on the company board. This will support Member's leadership and decision-making role, but do so through a relationship on the basis of KCC being a shareholder rather than managing the business directly.

7.11 Several other authorities have established Commissioning Boards to oversee all strategic commissioning. However, it is important to remember that KCC operating as a strategic commissioning authority must do so within the legislative framework covering local authorities that have adopted Executive arrangements, and that almost all commissioning decisions rest with the Executive. Given this, the pivotal role of providing effective and joined up commissioning leadership across KCC should lie with Cabinet, with responsibility to:

- Act as the 'governing body' for all strategic commissioning activity
- Oversee the development of the Council's Strategic Commissioning Plan to ensure that it reflects the strategic priorities of KCC
- Ensure that the Strategic Commissioning Plan is successfully delivered, in particular by ensuring that there is integration between commissioning, and that the impact of interventions are measured against required outcomes
- Ensure decisions are underpinned by sound analysis and challenge;
- Ensure collective consideration of council wide implications of operational commissioning decisions
- Oversee and ensure the implementation of key commissioning decisions;
- Identify and manage commissioning risks.

7.12 The changing role of both the executive and non-executive member role will require a stronger range of skills across areas such as commissioning, procurement and contract management. KCC has a strong track record in the developing effective and relevant member training and support. Training for members around these skills is in the early stages of being developed in co-ordination with Democratic Services. This will be essential in ensuring Members are equipped for their role within the strategic commissioning authority.

7.13 It is accepted that further work needs to be undertaken around the role of members in a commissioning authority. In many respects, this is uncharted waters, and therefore it is proposed that the cross-party Transformation Board examine the issues and options in more detail, in particular about the non-executive member role at each stage of the commissioning cycle.

## **8. Next Steps**

8.1 The key next steps for taking forward the proposals within this paper include:

- Begin work on development of the Strategic Commissioning Plan, including extensive engagement with Members, in readiness for the Plan to be operational from April 2015
- Develop draft commissioning framework, working with relevant stakeholders across the Council, with a draft framework ready to be taken to Cabinet by autumn 2014
- Ensure the future training programme for Members includes the development of skills for the new role of Members in the commissioning authority
- Transformation Board to consider the role of Members in more detail, with proposals ready for consideration by Cabinet by autumn 2014
- Develop proposals for the Commissioning Support offer (such as how data analysis will be carried out across KCC), to be considered by Cabinet by autumn 2014.

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### **Appendices:**

- Overview of Gloucestershire County Council's Strategic Commissioning Plan
- Summary of executive and non-executive role in the commissioning cycle

### **Background Documents:**

- Facing the Challenge, December 2013
- Findings of the KCC Commissioning Select Committee: "Better Outcomes, Changing Lives, Adding Social Value"