

From: Eric Hotson, Chairman of the Commissioning Advisory Board

To: Policy & Resources Cabinet Committee – 12 December 2014

Subject: Commissioning Advisory Board Update

Classification: Unrestricted

Summary: The report provides an update on the work of the Commissioning Advisory Board and outlines a recommendation to the P&R Committee regarding the proposal to establish Property as a Local Authority Trading Company (LATCO).

Recommendations:

The Committee is asked to:

- (1) **Note** the update from the Commissioning Advisory Board
- (2) **Note** the recommendation in regards to the Property and Infrastructure Review for consideration at its January 2015 meeting, when P&R Cabinet Committee will consider the proposal in detail.

1. Introduction:

1.1 Members will be aware of the background to the establishment of the Commissioning Advisory Board (CAB) by County Council in October 2014, following the report of the Member Working Group on Commissioning. The first meeting of the Board was held on the 2nd November 2014, where I was elected the Chairman and Mr Bowles was elected the Vice-Chairman.

1.2 The membership of the Board and the Terms of Reference were agreed and are attached at Appendix 1 for information.

1.3 Meeting dates have been set for CAB every two weeks for the year ahead so as to keep pace with the transformation agenda and to support KCC move to becoming a strategic commissioning authority.

1.4 CAB meeting agendas have been confirmed until the New Year focusing primarily the progress to date and the business plans emerging through the *Facing the Challenge* review process. The agenda items for consideration until the New Year are set out in the summary table below:

Date of CAB Meeting	Substantive agenda items:
2 nd November	<ul style="list-style-type: none"> • Property & Infrastructure Support • Commissioning Framework
19 th November	<ul style="list-style-type: none"> • Legal Services • External Support to Transformation
2 nd December	<ul style="list-style-type: none"> • Back Office Competitive Dialogue • Commissioning / Outcomes Framework
16 th December	<ul style="list-style-type: none"> • Libraries, Registration and Archives (LRA)

1.5 The meetings to date have been highly productive, with strong attendance from the Members of the Board, as well as attendance from other Members as observers, who are always very welcome. The Leader has a standing invitation and has attended both meetings that have been held.

1.6 When establishing the CAB, it was agreed that regular updates should be provided to the Policy & Resources Cabinet Committee on its work and recommendations. This first update covers the 2nd November and 19th November meetings.

2. Meeting of the 2nd November 2014:

2.1 At its first meeting CAB considered the proposal to establish a Local Authority Trading Company (LATCO) as a result of the Facing the Challenge review.

2.2 The Board received a presentation from Rebecca Spore, Director of Property and Infrastructure Support on the business case that has been iteratively developed over a year to evidence the market rationale and benefits for KCC in establishing Property as a LATCO, as well as the detailed transition plan to establish an operational and competitive trading company from April 2015.

2.3 Members asked a number of questions relating to the business case, including the level of return to KCC as a result of the LATCO, optimizing local economic benefits, social value, the impact and incentives for staff, the Member role in the LATCO and the relationship between the LATCO and KCC as the shareholder. Mrs Spore was able to satisfactorily address and answer all the questions and points raised by Members.

2.4 It is anticipated that the Policy & Resources Cabinet Committee will consider the decision to establish Property as a LATCO in detail at its January 2015 meeting. As such, the Commissioning Advisory Board's recommendation to the P&R Committee is to:

- (a) unanimously recommend to the Policy and Resources Cabinet Committee the proposed establishment of a LATCO for the delivery of Kent County Council's Property Services; and
- (b) All Members of the County Council be provided with a training opportunity on the LATCO as a delivery model, the training to explicitly cover the role of the elected Member in the LATCO.

2.5 The training for Members of the County Council on LATCO as a delivery model will be arranged by Democratic Services.

2.6 The Board also considered the draft Commissioning Framework which is to be considered by County Council in December, and provided a number of comments to support its development.

3. Meeting of the 19th November 2014:

3.1 Two substantive agenda items were considered at the meeting on the 19th November.

3.2 The first was a background briefing in the form of two presentations from Steve Phillips (Newton Europe – the consultancy supporting the adults and children's social care

transformation programmes across KCC) and John Burr, Director of Transformation, on the external support being commissioned to support the delivery of transformation across the authority. The presentations were well received and led to a number of questions from Members regarding adult and children's social care transformation.

3.3 The second substantive agenda item was an update from the Facing the Challenge team and Geoff Wild, Director of Governance and Law, on the Legal Services Review. The proposal for Legal Services is to establish an Alternative Business Structure (ABS) trading vehicle as a joint venture with a commercial partner. The development of the full business case for the ABS joint venture is dependent on the outcome of competitive dialogue process with the market, which is now underway.

3.4 Members raised a number of substantive points about the proposed model that they would like further reassurance or clarification on as the full business case is developed, including future costs and inflationary protection, how any model could incentivise productivity as well as the ownership structure of any proposed ABS joint venture vehicle.

3.5 CAB will be considering the Legal Service review again in the New Year, as the results of the competitive dialogue with the market further shape the development of the full business case.

4. Recommendations:

4.1 The Committee is asked to:

(1) **Note** the update from the Commissioning Advisory Board

(2) **Note** the recommendation in regards to the Property and Infrastructure Review for consideration at its January 2015 meeting, when P&R Cabinet Committee will consider the proposal in detail.

Appendices: Appendix 1: Membership and Terms of Reference – Commissioning Advisory Board

Background Documents: *A collaborative approach to Member involvement in Commissioning* - Report of the Member Working Group – County Council, October 2014

Appendix 1: Commissioning Advisory Board Membership and Terms of Reference:

Membership:

- Mr M J Angell
- Mr M Baldock
- Mr H Birkby
- Mr A R Bowles
- Mr N J D Chard
- Mrs P T Cole
- Mr G Cowan
- Ms A Harrison
- Mr E E C Hotson
- Mr G Lymer
- Mr C R Pearman
- Mr M J Vye
- Mr M E Whybrow

Terms of Reference:

The Commissioning Advisory Board is established to:

(1) Provide Member oversight of the development of KCC as a strategic commissioning authority, in particular ensuring the opportunity for engagement by all Members throughout the commissioning cycle, and by maintaining strong links with Chairman of Cabinet Committees.

(2) Engage with the Leader, Cabinet Members, Senior Officers and commissioning officers, on a non-partisan basis, in the development of options and consideration of issues relating to the commissioning, decommissioning, redesign or transformation of KCC services.

(3) Provide recommendations to Cabinet / Cabinet Members on the development of options for the commissioning or transformation of services during the early stages of the commissioning cycle, including but not limited to:

- a. Whether options or proposals sufficiently meet the objectives and outcomes the council is seeking to achieve and / or the needs of the population or service users;
- b. Whether alternative ways of providing/commissioning services or delivery of outcomes have been sufficiently considered in the development of options – including more local commissioning of services;
- c. What opportunities have been considered for the joint commissioning of services within KCC and across the wider public sector in Kent, especially where our outcomes are shared with others;
- d. Consideration of the balance between price, quality and volume of services in commissioning and procurement specifications, including ensuring that the issue of social value is appropriately and explicitly considered; and
- e. Seek assurance on the adequacy of the contract management / performance management arrangements for commissioned services, including consideration of options for continued services delivery in the circumstance of provider failure

(4) Provide recommendations to the relevant Cabinet Committee on major commissioning or transformation Key Decisions that the Advisory Board has considered, before the decision is taken by Cabinet/Cabinet Member.

(5) Act as a conduit for information on the key commissioning and transformation issues to all non-executive Members and to provide a mechanism by which non-executive Members can request through the Chairman to raise or consider specific commissioning and transformation issues.

(6) The Leader will have a standing invite to attend the Board. Cabinet Members will be invited to attend the Board for commissioning / transformation issues that relate to their portfolio.

(7) The Head of Paid Service will be invited to attend meetings of the Board to:

(i) Ensure the provision of high quality and timely professional advice to all political parties;

(ii) Advise the Board on the discharge by the authority of its functions as a strategic commissioning authority and the arrangements for corporate management; and

(iii) Provide assurance on matters of internal control.

(8) Make recommendations to the Member Development Steering Group on any skills gaps or training needs for Members that emerge as a result of its work.