

## **RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

### **CABINET**

**2<sup>ND</sup> NOVEMBER 2016**

#### **COMMISSIONING, PROCUREMENT & CONTRACT MANAGEMENT STRATEGY**

#### **REPORT OF GROUP DIRECTOR CORPORATE & FRONTLINE SERVICES IN DISCUSSION WITH THE RELEVANT PORTFOLIO HOLDER, COUNCILLOR M NORRIS**

**Author:** Colin Atyeo – Director of Corporate Estates & Procurement

#### **1. PURPOSE OF THE REPORT**

- 1.1 The purpose of the report is to seek Cabinet Committees approval of the Commissioning, Procurement & Contract Management Strategy.

#### **2. RECOMMENDATIONS**

It is recommended that Cabinet:

- 2.1 Review, challenge and approve the Commissioning, Procurement & Contract Management Strategy (hereinafter the 'Strategy').
- 2.2 Approve the establishment of a Commissioning & Procurement Group whose role will be to ensure that management has thoroughly challenged all aspects of the service for which they have responsibility.
- 2.3 Approve a programme of rollout for the Strategy whereby all Delivery Plan owners are required to complete stages 1 & 2 of the cycle, taking into account all aspects of their services.

#### **3. REASONS FOR RECOMMENDATIONS**

- 3.1 This strategy could be a fundamental building block in helping the Council to deliver its priorities and transform its services. The Strategy:
- Sets out the vision and direction for commissioning activity across the Council;
  - Provides clarity around what the Council means by commissioning, procurement and contract management;
  - Provides a framework to support all areas of the Council in adopting a consistent, comprehensive and robust approach to encourage and enable long term strategic planning;
  - Aims to promote commissioning, procurement and contract management as drivers for the transformation of council services;
  - Encourages the challenge of existing methods of service delivery;
  - Contributes to efficiency and quality improvements through the delivery of appropriate and cost effective services where demand exists;

- Puts in place robust governance arrangements in respect of challenge in the form of the Commissioning & Procurement Group.
- Uses the goals and sustainable development principles of the Well-being of Future Generations (Wales) Act to help drive change which in turn:
  - Ensures that the responsibilities placed upon the Council in respect of the Act are embedded into all commissioning arrangements from the outset;
  - Promotes responsible procurement in terms of addressing social, economic and environment issues, local sustainability, equality and diversity in accordance with the Act.

#### **4. BACKGROUND**

- 4.1 The way that the Council is able to deliver and demonstrate a robust and consistent approach to commissioning is currently hindered by the lack of clarity particularly in respect of the terminology in use along with the absence of a consistent approach / a framework.
- 4.2 The absence of a structured framework, whereby need and demand are consistently established from the outset, does not help the Council to fully demonstrate effectiveness and value for money.
- 4.3 A consistent and challenging set of questions would help to establish clearer options for service delivery in the long term. A cycle of review and challenge would then confirm effectiveness.

#### **5. CURRENT POSITION**

- 5.1 In order to address the issues identified in Section 4, a Strategy has been developed. It has been subject to internal review and challenge by Officers.
- 5.2 The main aim of the Strategy is to provide a structured framework for service managers that will enable them to review and challenge the way that services are currently being delivered and received. Ultimately the aim of the Strategy is to achieve savings as well as deliver sustainable services to citizens that are based upon need and demand in the short and long term.
- 5.4 Cabinet is requested to consider the attached Strategy and endorse a systematic rollout of the strategy across the Council.

#### **6. EQUALITY AND DIVERSITY IMPLICATIONS**

None

#### **7. CONSULTATION**

Not required.

#### **8. FINANCIAL IMPLICATION(S)**

None.

## 9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

Wellbeing of Future Generations (Wales) Act  
Social Services and Wellbeing (Wales) Act

## 10. LINKS TO THE COUNCILS CORPORATE PLAN/OTHER CORPORATE PRIORITIES/SIP/FUTURE GENERATIONS – SUSTAINABLE DEVELOPMENT.

10.1 The Strategy aims to support the Council's focus on delivering sustainable outcomes with the resources it has available to it and in doing so, supports the Council's priorities of:

1. **Economy - Building a strong economy;**
2. **People - Promoting independence and positive lives for everyone;**
3. **Place - Creating neighbourhoods where people are proud to live and work.**

10.2 The way we will achieve this is by becoming an **expert commissioner of services** that understands the assets already within our communities and use this to focus on the demand, need and priorities of our communities now and in the future; and by enabling partners, contractors and individuals to deliver services that enhance outcomes and deliver better efficiency.

10.3 Establishing clear and robust arrangements in respect of how the Council approaches commissioning is absolutely critical in ensuring that it makes the best use of its resources, challenges itself to ensure that the services delivered are meeting the needs of its citizens and communities. It also helps to ensure that a cycle of review and challenge is in place to deliver sustainable outcomes for the local area. It is therefore essential that this strategy and approach is read as a commissioning, procurement and contract management strategy, as the three disciplines are fundamentally linked and all rely on each other in order to deliver.

10.4 Commissioning could play a significant role in helping the Council on its transformation journey. The impact of the Comprehensive Spending Review 2010 means that all of the public sector needs to deliver better value for money, productivity and facilitate delivery of services more tailored to local demand and need. Effective commissioning will help us in meeting all of these challenges.

10.5 Whilst effective commissioning brings with it opportunities for introducing greater flexibility in respect of service delivery, procuring services from third parties also demands assurance that services are being delivered that meet the needs and demands of our communities.

## 11. CONCLUSION

The approval of the Strategy together with a systematic rollout should help to ensure that managers are consistently challenging the ways in which services are delivered and received.

**Other Information:-**

***Relevant Scrutiny Committee***  
Overview & Scrutiny Committee

***Background Papers***  
None

***Contact Officer***  
Chris Lee, Colin Atyeo & Marc Crumbie

**LOCAL GOVERNMENT ACT 1972**

**AS AMENDED BY**

**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**CABINET  
2<sup>ND</sup> NOVEMBER 2016**

**REPORT OF GROUP DIRECTOR CORPORATE & FRONTLINE SERVICES,  
IN DISCUSSIONS WITH CLLR NORRIS**

**Item: COMMISSIONING, PROCUREMENT & CONTRACT MANAGEMENT  
STRATEGY**

***Contact Officers***

Chris Lee, Colin Atyeo & Marc Crumbie

## **Appendix A – DRAFT Commissioning, Procurement & Contract Management Strategy**



STRONG HERITAGE | STRONG FUTURE  
**RHONDDA CYNON TAF**  
TREFTADAETH GADARN | DYFODOL SICR

# **RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

## **Commissioning, Procurement & Contract Management Strategy**

## 1. Introduction

This strategy is an integrated commissioning, procurement and contract management strategy. It sets out the Council's commissioning vision and objectives and the approach for achieving these over the **long term**. It focuses on ensuring that all commissioning arrangements take into account the requirement to consider how the Council can actively improve the economic, social, environmental and cultural wellbeing of the local area in accordance with the sustainable development principle as required within the Well-being of Future Generations (Wales) Act 2015. **All Council services will be encouraged to do this by actively challenging the method by which services are currently delivered in order to help ensure that services are fit for purpose, are delivered in the most appropriate way, deliver value for money and are sustainable for the future.**

## 2. Why do we need this Strategy?

The Council believes that the development of this strategy is a fundamental building block in helping it to deliver its priorities and transform its services. This Strategy:

- Sets out the vision and direction for commissioning activity across the Council;
- Provides clarity around what the Council means by commissioning, procurement and contract management;
- Provides a framework to support all areas of the Council in adopting a consistent, comprehensive and robust approach to encourage and enable long term strategic planning;
- Aims to promote commissioning, procurement and contract management as drivers for the transformation of council services;
- Encourages the challenge of existing methods of service delivery;
- Contributes to efficiency and quality improvements through the delivery of appropriate and cost effective services where demand exists;
- Puts in place robust governance arrangements in respect of challenge in the form of the Commissioning & Procurement Group.
- Uses the goals and sustainable development principles of the Well-being of Future Generations (Wales) Act to help drive change which in turn:
  - Ensures that the responsibilities placed upon the Council in respect of the Act are embedded into all commissioning arrangements from the outset;
  - Promotes responsible procurement in terms of addressing social, economic and environment issues, local sustainability, equality and diversity in accordance with the Act.

In order to be clear from the outset of what the Council means when discussing the three disciplines described within this strategy, the definitions are as follows:

### **Definition of commissioning:**

Commissioning is a set of activities by which the Council ensures that services are planned and organised to best meet the needs and demands of our communities and citizens in order to deliver appropriate and sustainable outcomes for now and for future generations.

It involves understanding the population need, best practice, local resources, assessing alternative delivery models and using these to plan, implement and review changes in services.

### **Definition of procurement**

Procurement is a set of activities by which the Council secures best value services to meet defined outcomes. It is one part of the commissioning process, and involves specifying requirements and securing services from the best providers.

### **Definition of contract management**

Contract management relates the ongoing management and monitoring of contracts entered into with providers for works, goods or services. Contract management focuses on ensuring compliance with the terms and conditions, monitoring the delivery of defined outcomes as well as documenting and agreeing on any changes or amendments that may arise during its implementation, execution and through the lifetime of the contract.

### 3. How this strategy contributes to national legislation and Local policy?

#### Integrated and Shared Commissioning: The Public Services Board

In many cases it takes more than one agency to provide the services needed by local communities and individuals. The Council is committed to developing integrated commissioning arrangements to make sure all the necessary agencies work together to meet the needs of the people receiving services. This will require clear leadership, a strategic understanding of need and demand in the local area along with what common outcomes are required to be met. A more commercially minded approach to procurement and subsequent contract management will support better service delivery and help achieve value for money.

The Council has aspirations to ensure a consistent commissioning approach across the local area. Through the Public Services Board, we will work with our partners to ensure our strategies are aligned and that we develop common commissioning behaviours that deliver better outcomes for the area.

Where the Council considers it necessary to bring others into a strategic review of delivery then this will take place and will usually be in consideration / consultation with, amongst others, our Partners and in some instances the Public Services Board.

Working with other public bodies can sometimes deliver better value in terms of:

- Aggregation of spend to produce economies of scale;
- Use of wider experience and greater expertise to challenge existing service delivery and have a broader knowledge of different service delivery models in other organisations (examples of better, different and/or alternative models);
- Put in place common and required outcomes frameworks;
- Procure more efficiently (avoidance of multiple procurements);
- Deliver more co-ordinated and/or combined services that deliver common ambitions and outcomes.

#### Council Priorities

The Strategy aims to support the Council's focus on delivering sustainable outcomes with the resources it has available to it and in doing so, supports the Council's priorities of:

**Economy - Building a strong economy;**  
**People - Promoting independence and positive lives for everyone;**  
**Place - Creating neighbourhoods where people are proud to live and work.**

The way we will achieve this is by becoming an **expert commissioner of services** that understands the assets already within our communities and use this to focus on the demand, need and priorities of our communities now and in the future; and by enabling partners, contractors and individuals to deliver services that enhance outcomes and deliver better efficiency.

Establishing clear and robust arrangements in respect of how the Council approaches commissioning is absolutely critical in ensuring that it makes the best use of its resources, challenges itself to ensure that the services delivered are meeting the needs of its citizens and communities. It also helps to ensure that a cycle of review and challenge is in place to deliver sustainable outcomes for the local area. It is therefore essential that this strategy and approach is read as a commissioning, procurement and contract management strategy, as the three disciplines are fundamentally linked and all rely on each other in order to deliver.

Commissioning will play a significant role in helping the Council on its transformation journey. The impact of the Comprehensive Spending Review 2010 means that all of the public sector needs to deliver better value for money, productivity and facilitate delivery of services more tailored to local demand and need. Effective commissioning will help us in meeting all of these challenges.

Whilst effective commissioning brings with it opportunities for introducing greater flexibility in respect of service delivery, purchasing services from third parties also demands assurance that businesses delivering goods and services on behalf of the Council are able to be resilient, reliable and to deliver services that meet the needs and demands of our communities.

### **The Wellbeing of Future Generations (Wales) Act**

The Wellbeing of Future Generations Act (WFG) focuses on improving the social, economic, environmental and cultural well-being of Wales. It places a duty on public bodies, such as the Council, to think more about the long-term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach. This will help us to create a Wales that we all want to live in, now and in the future. To make sure we are all working towards the same vision, the Act puts in place seven Well-being Goals:

1. **A prosperous Wales**
2. **A resilient Wales**
3. **A healthier Wales**
4. **A more equal Wales**
5. **A Wales of cohesive communities**
6. **A Wales of vibrant culture and thriving Welsh language**
7. **A globally responsible Wales.**

These 'Wellbeing Goals' are for everyone in Wales to work towards, but public bodies must also show that they are making decisions and taking actions to support these goals. This includes working together with other organisations to provide integrated services and involving people in the planning, commissioning and delivery of services. The Council will be inspected and audited to make sure they are following the law.

This strategy and commissioning cycle takes this into consideration and ensures that these goals and principles become the cornerstone of all Council commissioning activity.

### **The Social Services and Wellbeing (Wales) Act**

The Social Services and Wellbeing Act (SSWB) is about changing the way people receive health and social care. In the same way as the WFG Act, the SSWB Act aims to help people to avoid things getting worse and to become more resilient in dealing with their own problems.

For people who need health and social care, and their carers, the SSWB Act also aims to involve them more in their treatment, giving them more voice and control with regards to the services they receive.

The SSWB Act is a big change to how people have worked in the past and how services are commissioned and will mean more people are helped in their own community, with the aim of reducing the number of people going into high-level Social Care or hospital.

The Act includes a duty on Local Authorities to:

*"promote the development of social enterprise, co-operative organisations and arrangements, user led services and the third sector, to provide care and support and preventative services."*

The SSWB Act states that Local Authorities have a vital role to create the right environment through which people with an interest in the support of a population in a local area can come together to create the support that they need.

The role of Local Authorities should, therefore, include: creating an environment locally to promote user voice and control at every level; and raising awareness about the role that social enterprises, co-operatives, co-operative arrangements, user led services and the third sector can play in achieving the policy objectives of the Act.

This requires a more open approach to identifying common opportunities and flexible arrangements for planning, promoting and delivering services. Although this will be challenging in some services, this will place more emphasis on promoting the right balance of resource efficiency and community benefit.

### **Legal & Collaboration Responsibilities – Procurement**

#### **EU Procurement Regulations**

The current version of the EU Procurement Regulations was introduced in January 2015 and transposed into UK Law as The Public Contract Regulations 2015. These Public Contract Regulations are the overarching Procurement legal framework which RCT Council and all other Public bodies must comply with. For all Supply of Goods, Services and Design Contracts the applicability threshold level for contract spending is currently £164k. For Works contracts the applicability threshold is

## Commissioning, Procurement & Contract Management Strategy

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currently £4.1m. For certain Social and other Specific Services contracts the applicability threshold is currently £589k.

The 2015 version of the EU Procurement Regulations contains some significant differences from the previous version, particularly with regards to certain Social and other Specific Services contracts. They are now covered by the 'light touch regime' which gives more flexibility than the current regime for other contracts (and a higher threshold value) but also effectively imposes more obligations for these sorts of contracts to actively comply with the Procurement Regulations than the previous versions of the Regulations did.

Compliance with the EU Procurement Rules obligations is also part of Welsh Public Procurement Policy and the RCT Council Contract Procedure Rules.

### Welsh Public Procurement Policy

There is also a significant body of Welsh Public Procurement Policy issued by Welsh Government that RCT and all other Public bodies in Wales must take into account. The Welsh Procurement Policy Statement was issued in June 2015 by the then responsible Minister in the Welsh Government and gives detail of the ten policy principles that 'the public sector in Wales are required to adopt'.

There is currently a Welsh Government Consultation on Procurement Regulation in Wales which seeks opinions on strengthening the impact of these principles by 'the introduction of legislation on public procurement activity undertaken by the Welsh Public Sector'.

### National Procurement Service

The National Procurement Service for Wales was set up by Welsh Government in late 2013 to enable the Welsh Public Sector to collaborate more closely in procuring goods and services. It covers 'common and repetitive' Procurement spending but this a broad definition which covers seven areas: Corporate and Business Services; Fleet and Transport; Construction and Facilities Management; ICT; People Services and Utilities; Professional Services; Food. The NPS has taken over various contracts from the now-defunct Welsh Purchasing Consortium and will continue to increase its proportion of contractual provision for the Welsh Public Sector including RCT.

RCT Council, like all other Councils in Wales and the vast majority of other Public Sector bodies in Wales, made a formal commitment to support the NPS process at the time of its inception. This was confirmed by RCT's Cabinet in November 2012.

### **The Commissioning Cycle - Summary**

Effective commissioning forms a continuous cycle of challenge, understanding of what assets are being used as well as what assets are available from the community, stakeholder involvement, action and improvement, review of delivery and achievement of outcomes.

An effective commissioning cycle may identify the requirement to procure solutions and services from within the organisation as well as from third parties.

The decision about whether to source services from within the Council or outside it falls within the commissioning process with any options appraisal taking place during stages 1 & 2 and being subsequently challenge by the **Commissioning & Procurement Group**, prior to stage 3 commencing (subject to any necessary decision making processes in accordance with the Council's Constitution).

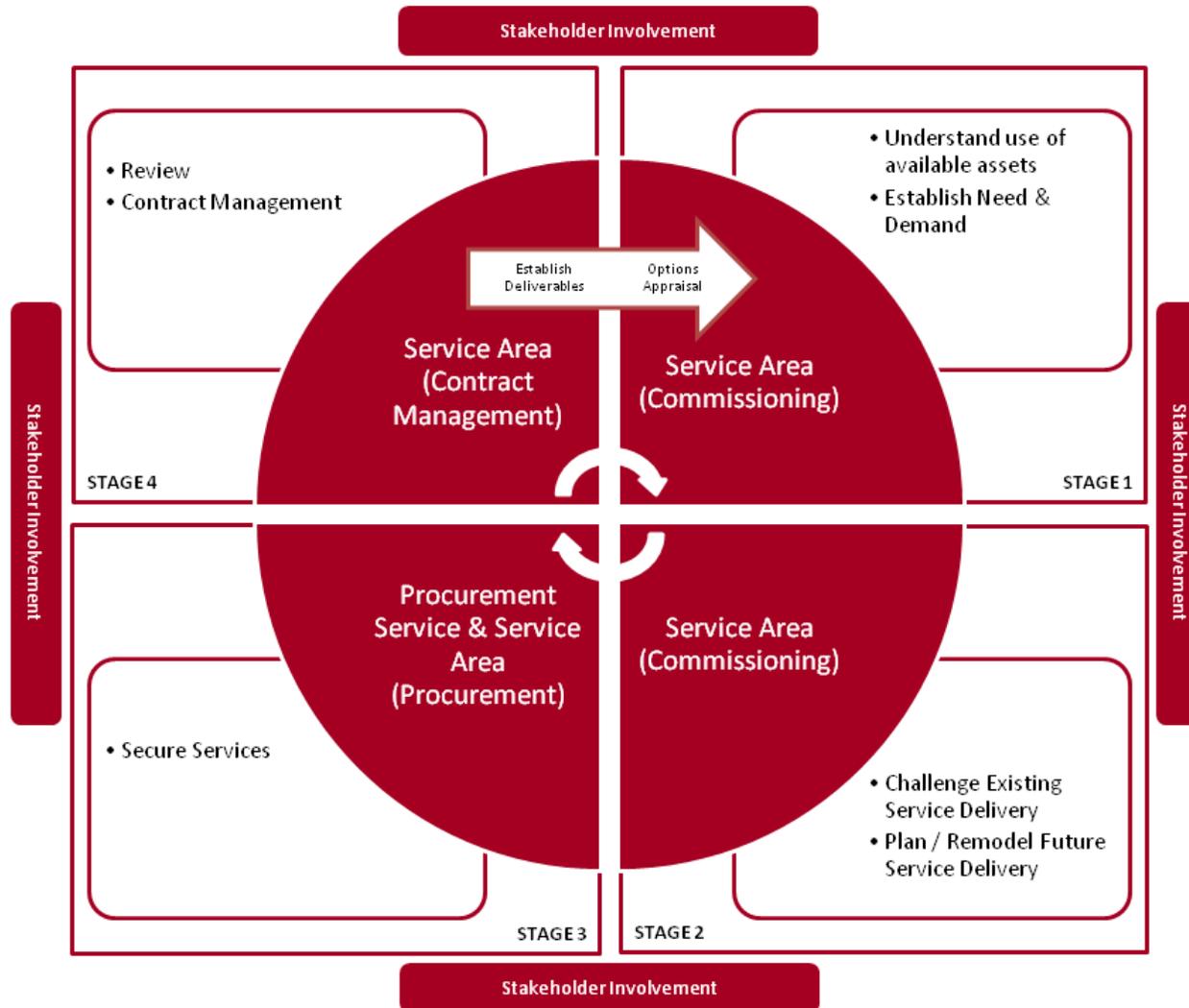
Where providers are appointed to deliver on behalf of the Council, effective and robust contract management and monitoring arrangements must be in place to help ensure that intended services and outcomes are indeed being delivered.

The stages of commissioning, procuring and contract managing are inter-dependent; each stage builds upon and supports the previous one.

The cycle is completed and starts again by establishing what has been delivered and then challenging need/demand etc. (Stage 1).

Figure 1 provides a summary of the Council's Commissioning Cycle.

Figure 1 – RCT Commissioning Cycle



*Involvement and obtaining feedback from stakeholders forms a critical part of each stage of the Commissioning Cycle.*

### 3. Defining and understanding Commissioning, Procurement and Contract Management

It is important that all stakeholders have a clear and consistent understanding of what is meant by the terms commissioning, procurement and contract management.

#### **Definition of commissioning:**

Commissioning is a set of activities by which the Council ensures that services are planned and organised to best meet the needs and demands of our communities and citizens in order to deliver appropriate and sustainable outcomes for now and for future generations.

It involves understanding the population need, best practice, local resources, assessing alternative delivery models and using these to plan, implement and review changes in services.

Put simply, in order to be considered an expert commissioner, the Council (and its services) needs to:

- Involve people and their communities at every stage of the commissioning process;
- Understand and challenge demand, need and current methods of delivery;
- Review alternative service delivery models;
- Focus on outcomes;
- Uses its purchasing power to promote the public sector equality duty;
- Commission in partnership and procure (where necessary) in order to promote sustainable and responsible procurement.
- Decommissions services where appropriate.

#### **Commissioning Approach/Cycle**

Our Commissioning activities take place broadly at three levels:

##### 1. Strategic Commissioning

An over-arching review and challenge of service provision across the Council (and possibly the local area), in order to ensure that services are delivered in a co-ordinated, consistent and targeted manner that delivers value for money and required outcomes.

##### 2. Operational Commissioning

A review of similar areas or similar categories of spend that may be administered in pockets across the Council with the aim of streamlining delivery, achieving value for money, economies of scale and ensuring that expenditure takes place on required activities in a co-ordinated manner that achieves a common outcome.

##### 3. Individual Commissioning

This can refer to the review of an individual service that may need to be tailored to a particular need, often historically 'spot purchased'. Commissioning at this level will set in place specific arrangements for individuals or small groups who require specific services.

### Understanding need, demand and priorities

Meeting local needs, including anticipating future need, should form the basis of all commissioning decisions to ensure a **strategic and long-term approach**. Customers, service users and suppliers should be a part of this process (where required). Understanding current levels of service provision, spend patterns and demand over time is vital to making a decision over what should be delivered in the future.

Key considerations:

- What do we currently deliver?
- Why do we need to deliver and/or receive this product or service?
- What is happening to local need?
- What are the legislative or regulatory requirements?
- What is currently being spent on services?
  - Understand how the service is funded and if the Council has specific responsibilities to funders (specific terms and conditions for example).
- What resources are currently being used to deliver the service?
- Who uses it and will the requirement change in the future (i.e. the demand in the short and longer term)?

### Challenging existing and reviewing alternative service delivery models

Once a need and demand for a service has been identified it is important to review and challenge the current provision to ensure continued value for money and delivery of required outcomes. Consideration should be given to any changes in the policy framework or market that may open up new opportunities.

Key considerations:

- How are people currently involved in the planning and delivery of the service and how can they become more involved in the future?
- What outcomes does the Council want to achieve?
- Does the current service model deliver:
  - The required outcomes?
  - Value for money?
  - A co-ordinated service?
- Does the current service prevent problems from getting worse or occurring in the first place?
- What are the current policies in respect of service delivery?
- Is there scope to collaborate with others?
- How does the service or planned service impact on other local services?
- Does the market offer competition, choice and diversity?
- Overall, how effective is current service provision?
- Can any or all of the elements of current delivery be decommissioned?
- Is there a requirement for the service(s) previously delivered to continue?
  - If so, why?
  - Describe the demand for this service.
  - What options are available to deliver the service in a different, more innovative way that will reduce cost(s)?
  - What alternative service delivery models are available?
- Which of the Council's priorities does this work support?
- How will the service contribute to supporting any of the [Future Generations Act](#) 7 Wellbeing Goals?
- How will outcomes be monitored and reported?

### Decommissioning

Decommissioning is part of the commissioning cycle and should be undertaken in a planned way. In some instances service reviews will lead to a process of ending a service or part of a service and a smooth transition to a new or alternative service delivery model in order to achieve the right outcomes for people is important.

If services are to be decommissioned, then consultation and involvement with all identified stakeholders is fundamental.

### **Commissioning for outcomes**

The Council recognises that part of being an expert commissioner means moving to commissioning for outcomes – i.e. in order to give greater opportunity for providers to arrange their services in more flexible and innovative ways the focus should be on outcomes, instead of the traditional approach to specifying inputs and outputs.

Agreed outcomes need to be set out as early as possible in the commissioning cycle and considered at every stage from service user involvement to the final review of the impact that the service has made, so that decisions can be made on more than price alone.

Key considerations:

- Where is the council now? Where does it need to be?
- How can provision be designed to meet future changes in need and demand?
- If procuring third parties is identified as a requirement of any revised delivery model, how can specifications be designed to enable the council to secure intended outcomes, service improvements and efficiencies?
- How can outcomes be measured and contract performance managed?

### **Building sustainability in the voluntary, third sector and encouraging social enterprises**

The Council has established arrangements in respect of working with the voluntary and community sector ('Third Sector'), and is committed to encouraging active citizenship and community empowerment. The focus on putting greater emphasis on the role of individuals, communities and Third Sector organisations in designing and delivering solutions for themselves is something that the Council is committed to.

The Third Sector can play a vital role in promoting social inclusion, innovation, building trust and tailoring services that better reflect local needs and preferences. At its best, the Third Sector has the capacity to build capacity, engage with excluded groups and secure wide social and economic benefits for the area (such as reducing crime, worklessness or improving basic skills).

The Third Sector is not a homogeneous community. Its members range from community groups with limited experience of delivering services to local arms of major national charitable organisations.

The Council will continue to work closely with the County Voluntary Council and a wide range of Third Sector representatives to encourage early engagement of potential providers when we are considering service provision in the long term.

The Council will also consider alternative delivery models in the form of social enterprises and co-operatives.

### **Promoting service user and citizen involvement in commissioning**

The concept of user or citizen involvement is important to our approach to commissioning in the Council. By involving people who will use services it is hoped that this will result in services that adequately reflect user need and demand.

The nature and extent of user or citizen involvement is difficult to prescribe in detail. It will differ according to the nature of the service, but there are principles we commit to through this strategy which support a commissioning culture that demonstrates the Council is open to engaging with service users rather than seeking to go through a 'tick-box' exercise or using service users to justify difficult decisions.

### **Definition of procurement**

Procurement is a set of activities by which the Council secures best value services to meet defined outcomes. It is one part of the commissioning process, and involves specifying requirements and securing services from the best providers.

Put simply, **procurement is about the purchase of the goods, works and services needed to enable the Council to deliver appropriate services to the people in the borough.**

As such, procurement forms a stage of the commissioning cycle and represents just one of the ways in which the Council can choose to deliver and/or receive services. It is the process by which the Council contracts with other organisations or businesses (known as third parties) to obtain the goods and services required to help fulfil a set of defined outcomes in the most timely and cost effective manner without jeopardising long term sustainability.

In this operating model **service departments continue to lead** and be responsible for:

- Identifying need and demand;
- Reviewing and challenging service delivery models;
- Identifying whether procurement of services from external organisations are necessary / required;
- Monitoring delivery of services (i.e. contract management).

Service departments are supported by a Corporate Procurement Service that is focused on developing strong working relationships.

### **Promoting sustainable procurement**

Sustainable procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis, in terms of generating benefits not only to the organisation, but also to society and the economy, while minimising damage to the environment.

Key considerations:

- How can investment in the local community be embedded in the procurement process?
- Is the planned process in line with the Council's environmental policy?
- How can we encourage third parties to adopt public sector principles around sustainable communities for future generations?

### **Category management**

Category Management works by ***taking an organisation-wide view of spend and grouping it based upon similar products or services into appropriate categories.***

The category management approach should complement the commissioning cycle by:

- Identifying areas of common and repetitive spend across different Council services;
- Examining ways to avoid unnecessary spend;
- Standardising products/services where appropriate - bundling up similar services/areas of spend across the council;
- Minimising wastage;
- Instead of negotiating on one service or product, the Council can begin to negotiate on a 'category' of spend.

The outcome is to help the Council to understand its spend data and use it within a commission cycle.

### **Definition of contract management**

Contract management relates the ongoing management and monitoring of contracts entered into with providers for works, goods or services. Contract management focuses on ensuring compliance with the terms and conditions, monitoring the delivery of defined outcomes as well as documenting and agreeing on any changes or amendments that may arise during its implementation, execution and through the lifetime of the contract.

**Ensuring that contracts are being delivered in accordance with the specific terms and conditions and that the desired outcomes are being achieved is fundamental to effective contract management.**

Contract management involves:

- The day-to-day operational contract management and supplier relationship management. It involves daily contact with providers to maintain the delivery of goods and services and regular operational review meetings and escalations where required.
- Performance management and supplier relationship management relates to the on-going review of contract performance with suppliers in order to identify supplier and Council improvements. It should occur at regular intervals throughout the contract e.g. on a quarterly basis and should take place in a robust and formalised manner.
- **Contract review** – This should happen towards the end of a contract. It involves reviewing contract performance against KPIs, overall delivery and impact against required outcomes and future need. It should also include identification of services and products that may no longer be required.

Contract management forms a vital part of the commissioning cycle and is important in ensuring that the services arranged actually deliver the required outcomes. The responsibility for contract management resides within service areas as outlined in Figure 1.



**COMMISSIONING REVIEW OF:**  
**'TITLE'**

<b>Prepared by:</b>	
<b>Date:</b>	
<b>Date submitted to the Commissioning &amp; Procurement Group:</b>	
<b>Outcome:</b>	

## STAGE 1 - UNDERSTANDING NEED & DEMAND

**What is currently delivered / received and how?**

**Why do we need to deliver and/or receive this product or service?**

- What are the legislative, regulatory or statutory requirements?

**What are the current policies in respect of service delivery?**

**What is happening to (local) need?**

**Who uses it and will the requirement change in the future (i.e. the demand in the short and longer term)?**

**What is currently being spent on services?**

**What resources are currently being used to deliver the service?**

- How is the service funded and are there any specific responsibilities to funders (specific terms and conditions for example).

**Are there any contracts currently in place with external suppliers / contractors?**

- If so, provide full details of provision (including contracted dates etc.)

## Stage 2 - Challenging existing and reviewing alternative service delivery models

Overall, how effective is current service provision?

- Does the current service model deliver:
  - The required outcomes
  - Value for money
  - A co-ordinated service

Are stakeholders currently involved in the planning and delivery of the service and how can they become more involved in the future?

Based upon the need & demand, now and in the future, what outcomes does the Service want to achieve?

Does the current service prevent problems from getting worse or occurring in the first place?

What options are available to deliver the service in a different more innovative way that will reduce cost(s) and deliver better outcomes? **KEY CONSIDERATIONS:**

Describe the need and demand for this service.

Is there a requirement for the service(s) delivered to continue?

- If so, why?

Can any or all of the elements of current delivery be decommissioned?

Does the market offer competition, choice and diversity?

Is there scope to collaborate with others?

What alternative service delivery models are available?

	Option			
	1 - Description / Overview	2 - Description / Overview	3 - Description / Overview	4 - Description / Overview
<b>Estimated Saving £'000</b>				
<b>Intended outcomes &amp; how they will be monitored</b>				
<b>Which of the council's priorities does this option support?</b>				
<b><u><a href="#">How will this option contribute to supporting any of the future generations act 7 wellbeing goals?</a></u></b>				

<b>Impact on service Users (public)</b>				
<b>Is this option likely to require a change in Policy?</b>				
<b>Impact on other council services</b>				
<b>Risks</b>				

**RECOMMENDED OPTION:**