

APPENDIX A

Commissioning Framework

This commissioning framework seeks to establish a common approach to commissioning across the city which is understood, agreed and used by all partner agencies and key stakeholders within the Partnership.

The Commissioning Framework has been developed at the request of key stakeholders. It aims to provide a common approach to commissioning across the partners and to align the outcomes required from commissioning of services across agencies. The Commissioning Framework is designed to bring consistency and clarity and provide a common basis for all commissioning work in the City.

The Commissioning Framework has been developed on behalf of the Wolverhampton Strategic Partnership by a task and finish group, facilitated by the City Council. Group membership comprises commissioners from the Primary Care Trust and Wolverhampton City Council as well as wider stakeholders.

During the period Monday 13 October 2008 and ending on Friday 16 January 2009 there was a period on consultation on the Framework. The comments received from that consultation exercise have been analysed in **Appendix 1** and either a response has been proposed or the Framework has been amended to insert additional information / give greater clarity. The final proposed document is attached in **Appendix 2**.

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1 Context

1.1 The purpose of the *Commissioning Framework* is to establish a common approach to commissioning, across the Wolverhampton Local Strategic Partnership (LSP) which is understood and agreed by all partner agencies and key 'stakeholders'. The key outcomes for the *Framework*, is to secure quality services and effective outcomes for residents in Wolverhampton.

A further important objective is a greater ease of engagement for the third sector in responding to the procurement aspects of the commissioning cycle. The outcomes can be summarised as:

- A streamlined commissioning process which enables all providers to compete equally for contracts and is designed for use by all LSP partners
- Improved processes which help to reduce barriers and increase opportunities involvement in the commissioning and delivery of services
- A consistent approach to commissioning across all themed partnerships
- The compact principles are mainstreamed into the commissioning process

1.2 The *Commissioning Framework* has been developed as a result of a number of key drivers and these include:

- The National Programme for Third Sector Commissioning – which aims to engender “better public outcomes for individuals and communities, which yield efficiency gains and community benefits, through smarter, more effective and innovative commissioning, and optimal involvement of the third sector in public service design, improvement and delivery”.
- The White Paper ‘Our Health, our care, our say’ – which places emphasis on joint commissioning for social care and health, as well as on outcomes for individuals, families and communities.
- The World Class Commissioning initiative – which outlines 11 Core Commissioning Competencies which Primary Care Trust’s (PCT’s) are required to develop.
- Putting People First – A shared vision and commitment to the transformation of Adult Social Care – which aims to ensure that people can exercise maximum control over their own lives and remain living independently.
- Joint planning and commissioning framework for Children and Young People and Maternity Services (March 2006).

Above all the *Commissioning Framework* is designed to bring simplicity and clarity to the commissioning process in Wolverhampton.

2 Introduction to the commissioning process and commissioning priorities

2.1 The term 'commissioning' is used and understood in a number of ways but for the purpose of the *Framework* the following definition has been adopted:

'A cyclical process that specifies and secures quality services that improve outcomes for the citizens of Wolverhampton within strategic objectives of the Local Strategic Partnership'.

2.2 Commissioning represents a move from a traditional service role to one of aligning resources to deliver outcomes. This should be achieved through models of partnership and against national and local policies and targets. It reflects a mixed economy that shapes services to attain agreed priorities.

2.3 The role of commissioning is still evolving but the central aim of improving outcomes can be achieved through drivers such as: data sharing, aligned/pooled budgets and resources, market development, workforce/ skills development and performance management. These should be underpinned by the concepts, of user choice, robust procurement, transparency, minimum standards, user engagement and equality of opportunity.

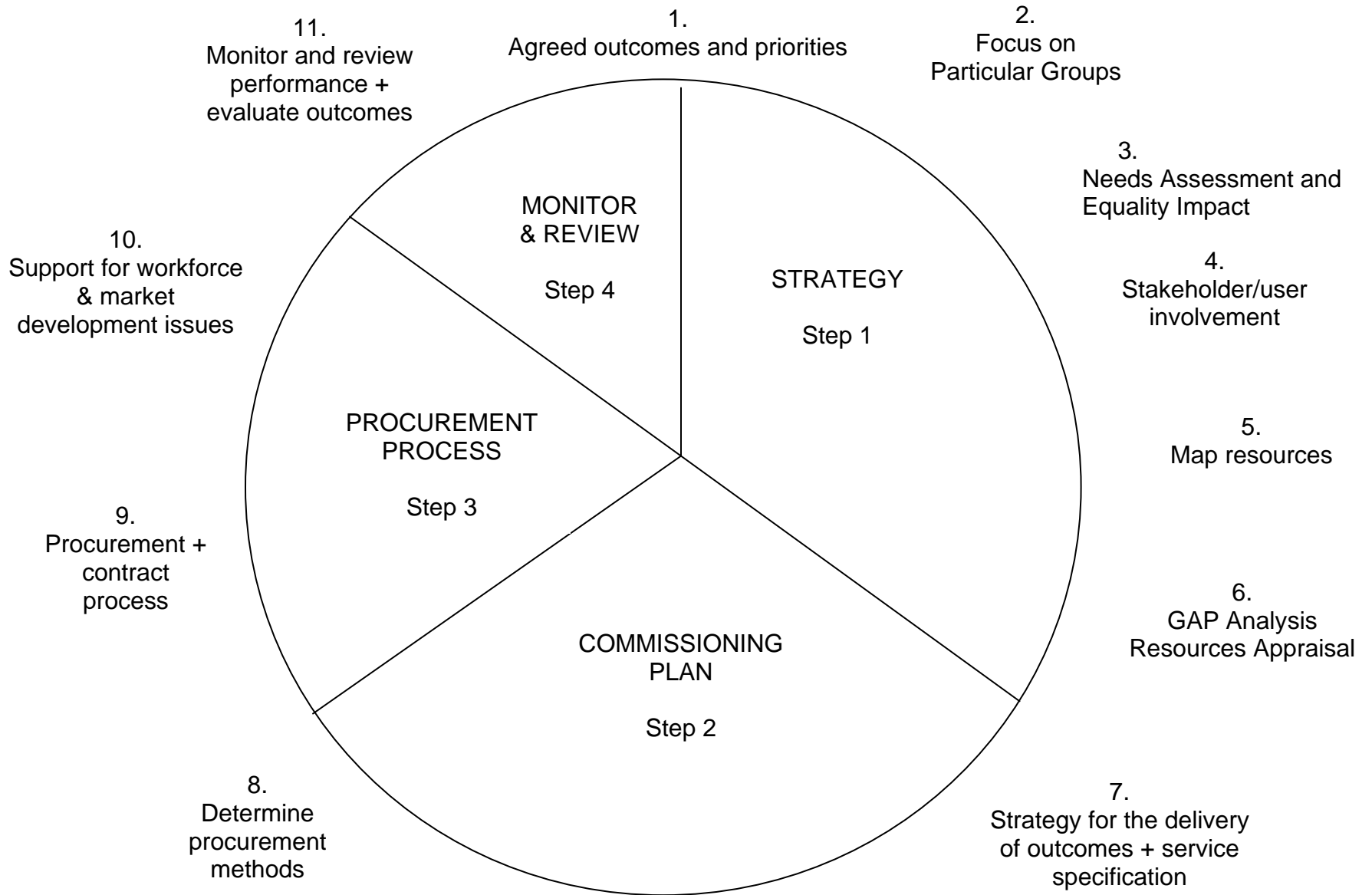
2.4 The commissioning process is currently under robust scrutiny, spearheaded by the NHS World Class Commissioning initiative. The initiative aims to significantly increase the commissioning capacity and capability of Primary Care Trusts. It will be performance managed through an annual assurance system that will assess performance on:

- Commissioning outcomes
- Commissioning competencies
- Governance arrangements

There are significant transferable lessons for other commissioners from this initiative which should enable all statutory agencies to develop their commissioning capabilities.

2.5 The commissioning process described in the *Commissioning Framework* is outlined in the diagram below (Figure 1). This diagram outlines each of the commissioning stages in more detail and where possible the Framework provides samples of standardised templates for all parties to use.

Fig 1 Essential Components for the Delivery of Effective Services Commissioning



3 Explaining the Commissioning Cycle

3.1 Step 1 - Strategy

Agreed outcomes and priorities

The first step is to undertake a strategic assessment of the challenges that face the population within Wolverhampton. This work will be informed by the Sustainable Community Strategy, along with strategic intelligence related to specific user groups and communities, and the development of a range of plans/strategies that are outcome-focused and drive the development of more effective services. From the strategic assessment, the challenge is to determine outcomes as distinct from process. A number of inter locking strategic plans will inform the identification of specific outcomes and priorities. Analysis of need ensures provision that responds to identified current and projected need. Systems should be in place to provide relevant data to aid future planning review and evaluation. Services need to be clear about the needs being addressed, how they are impacting and have clarity in relation to the outcomes they are supporting. A lot of information is already held by partner organisations and data sources need to be co-ordinated and performance reviewed and measured.

The strategy steps include:

- Stakeholder/partner/user involvement
- Commissioning evidence including national and local policy drivers
- Joint needs analysis/assessment
- Equality impact assessment
- Resource mapping
- Gap analysis
- Benchmarking / value for money
- Resource planning
- Prioritisation of needs
- Development of commissioning intentions

Needs assessment and equality impact assessment

The process of identifying and prioritising needs should be an on-going one based on the dialogue through the LSP, themed partnerships, service specific partnership groups, provider forums, Partnership Boards, user and carer groups and related activities such as user satisfaction surveys and best value reviews.

There are a wide variety of ways in which needs are identified and these include:

- Evidence from specific working groups or service reviews
- Insight from current providers – including service user databases
- Evaluation of current performance in relation to key performance indicators
- Evidence from statistical returns and demographic data
- Service user feedback
- Research and mapping exercises

- Regulatory inspection reports
- Market segmentation analysis
- Central government guidance
- Equality impact assessment
- **Specialised evidence from existing providers**

In developing a commissioning strategy the equalities implications need to be taken account of as part of the initial needs assessment. The Race Relations Amendment Act 2000 places specific duties on public bodies to promote equality of opportunity through commissioning and procurement arrangements. The Race Relations Act:

- **Outlaws discrimination in all functions of public authorities including procurement**
- **Gives public authorities a positive legal duty to eliminate discrimination and promote equality of opportunity and good race relations**

An equality impact assessment (EIA) should be carried out for each commissioning strategy / service specification. The extent of the EIA needs to be proportional to the size of service area / impact.

Stakeholders/User Involvement

A true partnership approach to delivering the identified outcomes needs to be embedded. Key stakeholders should be engaged in the commissioning process and feel a sense of ownership and commitment and this may best be achieved through existing groups/networks, or through the creation of a 'task and finish group' specifically for this purpose. This grouping will work through the first stages of the commissioning cycle, ensuring that the needs and gap analyses – for example – are as comprehensive as possible, and that a range of perspectives are heard on service delivery options. The group should also design and action plans for engaging the client group in a way that is meaningful, ambitious and inclusive and involved appropriate non-users, as well as users, of the service.

This process adds value because it enables a widest possible group of stakeholders to understand the challenges and opportunities that are faced.

The third sector should be engaged throughout these processes:

- As representatives at a strategic level
- As providers and potential providers at the service specific level
- As advocates on behalf of certain (under – representative) user groups where appropriate

Consideration should be given to the capacity of the third sector, service users, carers and other stakeholders to engage in these processes. Where necessary resources may be required through the Community Initiatives programme to enable these parties to contribute to the process of service design.

Consideration should also be given to addressing the poor access to funding by small and medium sized enterprises and black and ethnic minority enterprises.

Mapping resources, gap analysis and appraisal of resources

Key to the delivery of a joint commissioning strategy is the planning of services most likely to secure identified outcomes. Having clearly articulated the priority outcomes and completed a detailed needs assessment, the commissioning cycle process must give consideration to current service provision and how that maps against the delivery of identified outcomes. This analysis provides the opportunity to identify gaps in provision and hence a detailed understanding of the priorities for service development.

In order to deliver agreed improvements for citizens the following are suggested when identifying and allocating resources against priorities:

- That consideration will be given to focusing resources on prevention and early intervention
- That all decisions are based on a clear rationale for improving outcomes for the client group
- That all partners will ensure participation with the client group in order to develop a shared understanding of need
- That resources will be targeted to agreed priorities to ensure greater equity of outcomes for those who are vulnerable and at risk of not achieving the desired outcome
- That commissioning strategies are developed on the basis of robust information about quality, cost and value for money of services
- That financial plans will be matched to strategic plans
- That consideration should be given to assessing whether there is potential for inter-agency commissioning and whether there is potential for commissioning specialist services on a regional basis.

To ensure that our equalities duties are met it will be important to make sure that:

- **There is robust demographic profiling of our communities**
- **That the needs of 'hard to reach' and traditionally under-represented groups are considered**

3.2 Step 2 – Commissioning Plan

Strategy for the delivery of outcomes

As well as the overarching priorities set out in the Sustainable Community Strategy and the Local Area Agreement (LAA) other factors which will influence prioritisation include:

- Detailed service specific strategies and implementation plans

- Statutory requirements for provision
- Service inspection requirements
- National guidance
- Financial plans and budget availability

Service specification

The next stage is to establish a service specification against which services can be developed/reshaped/tendered and which provides an overarching performance management framework.

A critical element at this stage is to understand the role of commissioners as market developers. This means that in setting the service specification consideration should be given to building the capacity and capability of service providers in addition to the identification of specific services that respond to identified outcomes. In developing the service specification the following should be considered:

- Services should be mapped to outcomes and resources to give a clear correlation between services overlaps and gaps.
- Prioritisation may involve de-commissioning services where demand is falling or if a service is shown to be ineffective or inefficient.
- It is important to use both national and local research in planning and mapping out services and in developing new services.
- The process should identify linked or inter-related outcomes and be clear on how these link to the LAA delivery plans.
- **The inclusion of equality indicators with direct linkage to the needs assessment and equality impact.**
- **The legal requirement to carry out equality monitoring.**
- The process should look at how innovation and local strengths can be developed in improving local provision.
- Can a preventative or early intervention approach achieve measurable impact and therefore reduce the need for services that are based on crisis management?

Individual service specifications need to be developed that clearly set out the outcomes that need to be achieved by the service as well as the performance management framework that will be used by the Commissioner to monitor and evaluate progress. Service specifications should encourage:

- Sustainability
- Innovation
- Partnership working
- Equality and diversity

Equality and diversity specifications should encourage:

- Equality monitoring systems
- Equality impact assessment

- Workforce representation
- Accessible services
- Equality & Diversity Policy
- Staff training and development
- Consultation and Involvement of under-representative groups/users
- Dealing with complaints

The level of service required will be defined and performance monitoring arrangements clearly specified.

3.3 Step 3 – Procurement Process

Procurement process and contract

The purpose of this element of the commissioning cycle is to ensure that appropriate services are put in place. Commissioners should give consideration to using pooled/aligned budgets and resources wherever possible. The process will also need to comply with OJEC regulations, apply value for money principles and agreed quality standards.

Determine procurement methods

Within the commissioning context there are a range of procurement options. Increasingly as the personalisation agenda evolves contracts will need to be more flexible. This provides the opportunity to build partnership arrangements, make effective use of resources and to build local voluntary sector capacity. Contracts agreed should be priority outcome focused and subject to robust monitoring arrangements.

The procurement methods used should be accessible to a wide range of potential bidders and address issues pertinent to the Third Sector and Black, Minority and Ethnic organisations. There needs to be a recognition that in order for all providers to compete equally for contracts some reasonable adjustments may need to be made.

Public sector procurement is governed by European Commission and UK Procurement Regulations. They stipulate rules and time limits for the procurement process particularly concerning specifications, advertising, selection of suppliers, tendering and contract award, all of which aim to increase competition across Europe. Organisations need to comply with their obligations under the procurement regulations in order to avoid legal challenge by suppliers or the European Commission.

Detailed procurement rules will be subject to each organisations consultation / Standing Financial Instructions / Standing Orders. These will be made available as part of the procurement process.

Wolverhampton City Council contract procurement framework is shown in **Appendix 2** by way of an example in order to distinguish between contracts and

grants and the key financial thresholds. These thresholds will differ for other public sector bodies. In summary a grant should be directed at general support to an organisation whereas a contract is aimed at the purchase of a specific service, with clear outcomes.

The following procurement steps will apply:

- | | |
|---------|--|
| Step 1 | Prepare Service Specification |
| Step 2 | In line with procurement rules (value / service / market conditions) define procurement method |
| Step 3 | Outline support arrangements for the third sector if required. |
| Step 4 | Place advert in a diverse range of / appropriate media. |
| Step 5 | Send out Pre-qualification Questionnaire (PQQ) |
| Step 6 | Receive back Pre-qualification questionnaires |
| Step 7 | Based on PQQ's determine a short list of providers |
| Step 8 | Send out service specification and tender documentation to short listed providers |
| Step 9 | Evaluate tenders received |
| Step 10 | Award tender |
| Step 11 | Contract monitoring |

New tendering methods within the City Council are currently being developed. These include e-tendering and e-auctions. (E-tendering refers to undertaking all aspects of tendering electronically.) The sector will seek to move away from a paper-based approach as soon as possible however it is recognised that some third sector organisations do not yet have this capacity, and that there are resource implications that some organisations in the sector will need time to address. It is proposed therefore that, in the medium term, paper-based tendering will be permitted, with third sector organisations encouraged to become e-proficient as soon as possible. In addition, procurement processes will be subject to the Value for Money criteria for service delivery.

Market Development

The *Commissioning Framework* in Wolverhampton encompasses the delivery of services that results in better outcomes for citizens in the City. It is based on an understanding of what the diverse needs are and developing a market strategy to ensure those needs are met.

The Community Initiative's Team's Voluntary Sector Support Strategy – Supporting Change, Changing Support (Procuring from the Third Sector) outlines the approach of the Community Initiatives Team to supporting the third sector over the next three years. It details its approach to procurement from the third sector and how it will align its procurement approach to the LSP priorities defined in the Sustainable Communities Strategy and the LAA.

The commissioning and procurement cycles and processes outlined in The Voluntary Sector Support Strategy – Supporting Change, Changing Support are fully aligned to the processes detailed in this *Framework*.

3.4 Step 4 – Monitor, Review and Evaluation

Monitor and Review Services and Process

Commissioned Services should be delivered within a performance management framework. Service contracts will contain milestones and indicators which are measurable to enable the monitoring of the impact of services and progress towards achieving the outcomes against which they have been commissioned.

Tendered services are subject to an evaluation against service delivery, criteria and standards, which include policy and objectives, management, and organisation, human resources, continuous improvement, equality, health & safety/ risk assessment and partnership. Continuous improvement and sustainability of standards is also monitored against performance assessment criteria.

Successful commissioning is dependent upon a number of critical success factors: strategies and business plans, policies, protocols, standards, effective procurement, financial management, partnership, performance management, information, consultation and participation. **In addition consideration needs to be given to capacity building within the Third Sector.**

4 Commissioning Values and Principles

The Wolverhampton Compact (made up of the Statutory, Voluntary and Community sectors) has developed a set of Codes of Practice. Of particular relevance to this *Commissioning Framework* is the 'Funding, Commissioning and Procurement Code of Practice' which sets out the shared values and principles for the commissioning of services. These include:

- Openness and transparency
- Value for money
- Reasonable timescales
- Recognising the added value of local voluntary and community sector organisations including smaller organisations and those organisations who are representing BME and other minority interest groups
- Simplicity and proportionality
- Effective partnerships

The Local Strategic Partnership on behalf of all statutory sector organisations in the city will adopt this set of principles to be used across all of its commissioning activities.

For a detailed description of each of the values and principles please reference the full Code of Practice 'Funding, Commissioning and Procurement'.

5 Standards of working practice to be adopted by all Statutory Sector Organisations

The 'Funding, Commissioning and Procurement Code of Practice' also outlines a series of commissioning undertakings for all Statutory Sector organisations. The Local Strategic Partnership on behalf of all statutory sector organisations in the city will adopt this set of standards. These standards include:

- Accepting the need to fund the full cost of commissioned services and overhead costs relevant to that service.
- Putting in place clear risk management plans.
- Ensuring full compliance with relevant safeguarding and equalities requirements.
- Clearly defining the expectations which are placed on commissioned providers in terms of establishing adequate organisational systems and supporting the voluntary sector to develop such systems.
- Making payments on time and within agreed time periods (in advance, 15th working day of the month, in arrears).
- Providing a minimum of 3 months notice of an intention to reduce or withdraw funding.
- Limiting monitoring requirements to capture only that information which is necessary to assess performance and financial propriety.

For a full set and a detailed description of each of the standards please reference the full Code of Practice 'Funding, Commissioning and Procurement'.

6 Joint Commissioning

The development of integrated commissioning is at different stages regionally and nationally. The Governments consultation document 'Commissioning Framework for Health and Well Being' (DH) sets out a Framework for the commissioning of health, care and well being. It lists a number of blocks identified by a cross section of health and local authority commissioners, including the complexity of funding streams, patchy information sharing, different approaches and lack of capacity. The Paper makes proposals to overcome these barriers by:

- putting people at the centre of commissioning
- understanding the needs of populations and individuals
- sharing and using information more effectively
- assuring high quality providers for all services
- recognising the inter dependence between work, health and well being
- developing incentives for commissioning for health and well being
- making it happen – accountability
- making it happen – capability and leadership

A Framework Agreement has been agreed between Wolverhampton City Council and Wolverhampton City PCT for jointly commissioned adult services including currently mental health, learning disability, intermediate care and community equipment services. The aim will be to build upon the Framework Agreement to support the effective development of the commissioning of all joint services.

7 Glossary of terms

Procurement: The process of acquiring goods, works and services, covering acquisition from external and in-house providers.

De Commissioning: Reduced or terminated a service where a service is no longer required or strategically relevant. De commissioning should be underpinned by a clear rationale supported by evidence, stakeholder involvement and managed transition.

Joint Commissioning: A process whereby two or more agencies work in partnership to co-ordinate their commissioning activity to meet the identified needs of common or overlapping user groups.

Statutory Sector: Organisations such as the Local Authority, Primary Care Trust, Police, Probation, and Learning Skills Council who are funded through local and national public funds.

Voluntary, Community or Third Sector: Includes voluntary organisations, charities, community groups, registered social landlords, social enterprisers and other not for profit bodies.

Local Strategic Partnership: Local Strategic Partnerships (LSPs) are non-statutory, multi-agency partnerships, which matches local authority boundaries. LSPs bring together at a local level the different parts of the public, private, community and voluntary sectors; allowing different initiatives and services to support one another so that they can work together more effectively.

The Community Initiative's Team: Team within the Local Authority that grant aids and supports the voluntary sector.

Local Area Agreement (LAA): Local Area Agreements (LAAs) set out the priorities for a local area agreed between central government and a local area (the local authority and Local Strategic Partnership) and other key partners at the local level. LAAs simplify some central funding, help join up public services more effectively and allow greater flexibility for local solutions to local circumstances.

APPENDIX 1

SERVICE SPECIFICATION

SERVICE NAME:

STATEMENT OF PURPOSE

Overview

Service Objectives

Description of service

Service activities

Service outcomes

Location

Cost

Performance measures

Performance monitoring

Outline terms and conditions and length of contract

APPENDIX 2

CONTRACT PROCUREMENT GUIDE

Commissioning Method	Most applicable when any of the following apply	Guide amount	Exceptions	Resulting agreement	Application of Full cost recovery	Key guiding document
Purchasing						See Annex B
Class I & II	<ul style="list-style-type: none"> Outcomes certain Contestable market Required service 	Less than £30,000 per annum		Contract Green Decision	Yes	Internal procurement procedures
Full competitive procurement process	<ul style="list-style-type: none"> Outcomes certain Contestable market Non-sector specific Statutory or required service 	£39,000 over the life of the contract or £50,000+ per annum	May be used for lower amounts where external guidance applies	Contract	Yes	EU procurement directives and internal procurement procedures
Restricted procurement process	<ul style="list-style-type: none"> Outcomes certain Few potential providers May in effect be sector specific Statutory or required service EU rules exempt 	£30,000 - £50,000 per annum	May be used for lower amounts where external guidance applies	Contract	Yes	Internal procurement procedures (and Commissioning Framework)
Funding						See Annex B
Competitive Grants Commissioning	<ul style="list-style-type: none"> Outcomes less certain Many potential providers VCS specific Time allows 	£5,000 - £50,000	May be used for higher amounts where Resources Panel approved	Funding agreement with SLA	Maybe for some project funding	Community initiatives
Selective process of grants commissioning	<ul style="list-style-type: none"> Outcomes less certain Few potential providers Significant overlap with existing VCS activity VCS specific Restricted timescale 	£5,000 - £50,000	May be used for higher amounts where Resources Panel approved	Funding agreement with SLA	Maybe for some project funding	Community initiatives
Small Grants		<£5,000	May be used for higher amounts especially redevelopment costs	Funding agreement	Maybe for some project funding	Community initiatives
Grant-in-aid	Core Costs for strategically important organisations that add value to the locality and/or support others	No limit		Funding agreement with SLA	No – except perhaps where there is related staff recruitment	Community initiatives