

CORPORATE AND COMMUNITIES OVERVIEW AND SCRUTINY PANEL

4 November 2015

COMMISSIONING PROCESS - UPDATE

Summary

1. The Director of Commercial and Change and the Head of Commercial are invited to provide an update on:
 - the development of the Commercial Team; and
 - in relation to already commissioned services such as the Design Unit, ICT Managed Services and IBS Schools, how the quality of service provided is being monitored, and how these services are working/performing.

Background

2. In January 2015, the Director outlined his priorities which included: ensuring the commissioning cycle was effective from insight, design, procurement through to performance and contract management; and developing the professional commercial function further.
3. Panel Members discussed topics for scrutiny in April 2015 and wished to include on its work programme the development of the Commercial Team, how the quality of commissioned out services is monitored, and how these services are working/performing. This was added to the scrutiny work programme and approved by Council in May 2015.

Development of the Commercial Team

4. During October 2014, Cabinet approved proposals to implement effective Commissioning Support for Strategic Commissioners, in line with the May 2014 Council paper "FutureFit: Future Operating Model, based on key roles as defined in the Council paper, as follows:
 - "Strategic commissioners will remain accountable for all outcomes delivered by commissioning including service outcomes, budget and value for money, regardless of provider....."
 - "Commissioning Support: We will make sure staff who are commissioning and buying services on behalf of the Council get the right expert and specialist support from colleagues with expertise in commercial management, finance, legal services etc.... This is likely to require an element of structural change....."
5. This was intended to put in place new processes, systems and structures to enable effective and consistent support to commissioners across Worcestershire County Council (WCC) and was focused on delivering the following outcomes:

- Standardised approach to commissioning and contracting across WCC
- Consistent professional standards, behaviours, competencies etc. for all staff identified as undertaking commissioning support roles
- Strategic commissioners know where to obtain quality advice, support and guidance and access the tools available to support excellent commissioning
- Consistent and proactive approach to market management, market engagement and development to promote the Council's Open for Business priority
- Commercial rigour applied to all WCC procurement, contracting and contract management so that value for money (linked to delivery of outcomes) can be evidenced across WCC's contracted expenditure
- Performance management and quality assurance of contracts is proactive, rigorous, proportionate and consistent with agreed professional standards across WCC

6. The scope was intended to be fully cross-directorate, incorporating all roles which are defined as providing "Centralised Commissioning Support" within the "Operating Model Roles and Functions Matrix". In summary, these functions are as follows and as per Appendix 1:

- **Commercial management** – The full management of the contracts register and its contracts throughout their lifecycle including managing and maintaining the commercial relationship with the supplier.
- **Market management** – Ensure there is a vibrant market to commission services from including encouraging the local supply chain and volunteering
- **Procurement management** – The full management of the procurement process ensuring legal compliance and positive outcomes underpinned by performance management across the organisation.

Progress to Date

7. The Commercial team is now taking shape to support the Strategic Commissioners with the commissioning of their services, with the Commercial Contracts team supporting the review of the contracts already in place to ensure value for money is sustained throughout contract life. A Commissioning Plan has been developed to allow prioritisation of workloads and to monitor the upcoming activity of commissioning on a rolling 12 month basis.

8. Early achievements have already been secured including:

- The launch of **Place Partnership Ltd.**, owned by 6 public sector partners in and around Worcestershire ensuring the effective management of the public sector property estate as well as exploiting opportunities for local economic regeneration;
- Securing preferred provider for our **Transactional Human Resources and Finance Services** which is due to move to contract award later in 2015;
- Supporting the Worcestershire Youth Music Service to become an **Company Limited by Guarantee with charitable status**;

- Developing a market engagement strategy to support future **transport and fleet** provision across Worcestershire;
- Working with the Institute of Public Care to undertake a robust analysis of **market risk** around adult social care providers both locally and nationally.

9. Procurement Management will be focussing on the category management of contracts including looking at forensic analysis of spend on complex contracts as well as tail spend across the organisation, supported by a review of the Council's procurement code to ensure it is simplified and fit for purpose. The performance function renamed Management Information and Analytics are currently developing performance management dashboards to support the strategic commissioners including a business case for Worcestershire Information Network (WIN) for commercial, business intelligence and performance reporting to support service directorates, members and partners.

10. The Market Engagement and Research Team are developing their market risk strategy and engagement plan across all markets including Voluntary and Community Services (VCS) and volunteering to inform key areas to work on in advance of services being commissioned. A volunteering plan is being established along with on-boarding of services to 'Your Life Your Choice' website for adult social care to support the direct payment and personalisation agenda.

11. The Research Team are aligning their work with the business need to understand future demand for Council services with changing demographics in the county, ensuring commissioners are fully informed and prepared, to enable the Council to invest in services that prevent future need and reduce demand.

12. The Performance Team will be reviewed to look at ways it can build in learning from complaints, performance and other feedback on our business processes and commissioned services.

Vision for 2020

13. Moving forwards the team will support the organisation to meet its vision as follows:

- I. We will **commission** significantly more of our services, many of which we will commission **with other partners** in areas where it makes financial sense and improves outcomes (e.g. end-to-end services to residents).
- II. There will be a **mature market** to commission from throughout Worcestershire with a variety of **innovative** providers including **models** such as mutuals and social enterprises which will often be owned by (ex-) staff, service users and/or carers.
- III. The majority of services to individuals will be **commissioned by those individuals** where that's appropriate, with the role of the council being limited to the **quality** assurance of high risk services and ensure the right people are provided with the **personal budgets** that they are entitled to. Quality assurance for low risk services will be self-managing through customer feedback.

- IV. The Council will have a robust operating model that focusses on value and **outcomes** and ensures that all decisions have a robust **commercial** basis. Where we have supported the shaping of the market we will often get a financial return if that market grows. We will always encourage the use of the **local supply chain** and consider the impact of our decisions on our Open for Business outcomes and the local economy.
- V. We will ensure that our **contracts are managed** throughout their lifecycle, providers are held to account and we deliver and over achieve the projected **commercial benefits**. Our role will no longer be to procure or manage contracts and frameworks for services that are not directly provided to the council.

How will we judge success?

14. We will continue to judge success against the following key outcomes:

- Percentage of commissioned services increasing (*Currently 65% in value*)
- Percentage of joint commissioned services increasing in value
- Visualisation of the market place showing there is a buoyant market
- Visualisation of local supply chain for each contract
- Reduction in contract spend showing that all significant contracts are reviewed at least annually.

Design Unit

15. Prior to the formation of the Joint Property Vehicle (JPV) the County Council had managed its own assets and facilities as well as construction-related property design services. Design Services were not included within the JPV and in February 2014, Cabinet endorsed the decision to offer the Property Design Unit as a single package to market. Cabinet approved Jacobs UK Ltd as the preferred bidder in June 2014. The contract was signed and staff transferred on 1 November 2014.

16. The 5 year service contract can be extended by up to 2 years subject to performance targets being achieved, and a framework of key performance indicators has been integrated in to the contract management regime. Some key performance indicators (KPIs) produce data that enable certain aspects of the service to be monitored monthly whereas others measure longer term activities. The performance as a whole is formally reviewed quarterly and the first annual review held in October.

17. The Jacobs contract is managed on a day to day basis by Place Partnership on behalf of the Council. There is a Contract Manager whose role is to manage the quality of the service provided by the contractor using a range of KPIs which in summary include:

- a) Completion of survey programmes & feasibility to agreed timescales
- b) Quality of the feasibility work as it reflects in the final implementation
- c) Projects completed within budget and those under-budget
- d) Projects completed to timescales
- e) Timely settlement of defects.

18. Current contractual performance is generally good, with Jacobs providing a very good service in some areas. For the performance in a small number of areas, improvements are planned, and the pattern of performance follows broadly the same profile as the Unit's performance prior to transfer suggesting the transformation of the new operating model needs to continue. Actions have been agreed to continue the improvements with adjustments required from both parties to make it happen. All the savings planned as part of the contract have been achieved.

ICT Managed Services

19. Cabinet approved Hewlett-Packard (HP) as the preferred bidder to manage the Council's ICT infrastructure on 25 September 2014. The contract was signed on 22 December 2014. Staff transferred in February and the new operating model was effective from 2 March 2015.

20. There are 2 distinct elements to this contract, the first being day to day support of the ICT infrastructure services which are consumed by the Council such as laptops, printers, network and the Service Desk and the second element is Transition and Transformation (T&T).

21. Commercially this contract is split into fixed and variable 'consumption based' price elements to provide flexibility, in addition to a number of Milestone payments for the Transition and Transformation. It has a Service Credit Regime embedded which allows for a reduction in costs should Service Levels not be met.

22. This contract is managed as per the agreed governance. Day to day service delivery of the Contract is performed by the ICT Commercial and Contracts Manager working alongside the onsite HP Service Delivery Executive. Formal monthly review meetings are preceded, 10 days before, by a written monthly report from the HP Service Delivery Executive containing narrative on Service Level Agreements (SLAs) plus any major problems and changes. This report also contains the information to support our Consumption Based Billing and forms the background data on which we are invoiced. This is then followed by a quarterly meeting with the HP Directors and Senior stakeholders from WCC which serves as escalation should it be required and a more strategic change and innovation meeting. In addition there are half yearly Partnership Strategy Board meetings which cover the strategic and partnership elements of the contract, including the Social Value clauses, between the HP Vice President and the WCC Chief Executive and Director of Commercial and Change.

23. The performance of the day to day support from HP has been good with very few problems with SLAs being met. The Transition and Transformation Programme is complex and both WCC and HP are working actively to deliver the outcomes expected and make further improvements. As an example our aging infrastructure has caused a delay to improvements in telephony and infrastructure.

IBS Schools

24. IBS Schools provide IT support to Worcestershire schools and academies. Capita Business Services were approved as the preferred buyer by Cabinet on 25 September and a contract was signed on 27 November 2014. Transition was

completed as planned on 1 December 2014. All the savings planned as part of the contract have been achieved including the initial consideration agreed at the outset.

25. This contract is managed as per the agreed governance in the contract. Day to day service delivery of the Contract is performed by the ICT Commercial and Contracts Manager. Formal monthly review meetings are preceded, 2 days before, by a written monthly report from the Service Manager at Capita IBS Schools containing narrative on SLAs plus any major problems and changes. This is then followed by a quarterly meeting with the Capita Directors and Senior stakeholders from WCC which serves as escalation should it be required and a more strategic change and innovation meeting.

26. Statistics show a good response and adherence to SLAs. The support model has been different as the relationship for many of the services is now direct between the schools and Capita Business Services. This on occasion has resulted in longer than necessary fix times on some items. This was not unexpected when new parties and operating models come together to form a single support model. Actions have been agreed and the situation is improving.

Overall – Design Unit, ICT Managed Services & IBS Schools

27. It is to be expected that any transition to a new operating model will take some time to fully embed and transform. The governance models agreed with the various Contractors are working well, and while all the contracts are founded on sound contract and performance principles, they have been backed up by good working relationships between all the parties involved at all levels.

28. The formation of a client team with the skills and experience to manage these complex contracts has been key to the success and managing the inevitable issues that arise in such complex services for the long term health of the partnerships involved.

Supporting Information

Appendix 1- Commissioning Support Operating Model

Contact Points

County Council Contact Points

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Email: Worcestershirehub@worcestershire.gov.uk

Specific Contact Points for this report

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Background Papers

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

Agenda and Minutes of

- Cabinet on 9 June and 25 September 2014
- Resources Overview and Scrutiny Panel (which became the Corporate and Communities Overview and Scrutiny Panel from May 2015) – 22 January, 15 May and 23 June 2015
- Council on 19 May 2015

All of which are available on the Council's website at

<http://www.worcestershire.gov.uk/cms/democratic-services/minutes-and-agendas.aspx>