Commissioning Strategy
Meeting local needs and delivering value for money
# Commissioning Strategy

**Meeting local needs and delivering value for money**

## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>3</td>
</tr>
<tr>
<td>1. Objectives of this strategy</td>
<td>5</td>
</tr>
<tr>
<td>2. Defining commissioning, procurement and contract management</td>
<td>6</td>
</tr>
<tr>
<td>3. Why is commissioning so important?</td>
<td>10</td>
</tr>
<tr>
<td>4. Croydon’s commissioning vision</td>
<td>14</td>
</tr>
<tr>
<td>5. Becoming an ‘expert’ commissioner</td>
<td>16</td>
</tr>
<tr>
<td>6. Delivering the strategy</td>
<td>24</td>
</tr>
<tr>
<td>7. Embedding the strategy</td>
<td>30</td>
</tr>
<tr>
<td>Appendix 1</td>
<td>39</td>
</tr>
<tr>
<td>Appendix 2</td>
<td>40</td>
</tr>
</tbody>
</table>
The London Borough of Croydon shares with all public services a responsibility to constantly find more effective ways of making public money deliver better outcomes. This aim has never been more important than in the current circumstances, where the financial settlement between central government and local government is so challenging.

Commissioning is the process for deciding how to use the total resources available in order to improve outcomes in the most efficient, effective, equitable and sustainable way. And what has become clear is that, with such a large proportion of Croydon Council’s budget being spent with third parties, in all sectors, better commissioning is one of the most effective tools we can use to meet that challenge.

In doing so it is also clear that the understanding between central government and local government is that potentially radical solutions should be pursued through commissioning – particularly around shared and integrated commissioning and around the sharing of risk and reward. Whilst local government may have concerns around the speed and scale of some proposed reforms to major service areas – for example in health, education and welfare – there is also ambition.

Radical moves by central government have granted legitimacy for big shifts in how local areas provide services; unknown territory for many, but time to invest in how we want services to operate in the future, and the innovation needed to get us there.

Our ambition and appetite for that radical shift in how services are delivered recognises that there is a limit to the extent to which further streamlining and efficiency improvements within the council will achieve savings of the scale necessary. Making sustainable savings means transforming services to make them more effective at preventing and solving problems for citizens, and it has to be a more distributed effort, led by those with a close understanding of the lives and aspirations of service users.

Excellence in procurement and contract management is integral to our Commissioning Strategy. It will provide Croydon with a foundation and a framework for pursuing a transformative agenda. It sets out the ‘rules of the game’: how are we going to work together; what governance will apply; what information and processes do we need; how will we work with providers and service-users and what new skills and behaviours do we need to learn?

Setting out our commissioning approach is particularly important for joint working with partners and sectors of the community with whom we work together. A commitment to excellent commissioning starts with an obsession with achieving great outcomes but it also includes developing better relationships with our most critical providers to achieve our shared business requirements, identifying providers that will assist with transformation, securing services at better value from those on which we are heavily reliant, developing alternative sources of supply and managing those providers who are less effective in delivering our business plan.

Our Commissioning Strategy will ensure that we have a more diverse and mature set of providers and more choice in the market so that those from whom we commission and procure goods and services over the next few years are able to deliver and improve quality and performance, are forward thinking, innovative, and proactively respond to the needs of the people who use those services. Those people include adults, children, families and other carers with additional needs who want to have access to a range of support that helps them to continue to live the life they want and remain a contributing member of their community.
They want a ‘personalised’ service that meets their individual circumstances, supports them in keeping their independence, maintaining choice and control and finding local solutions. We will be listening harder, particularly to those whose voices are not easily heard, and including their views through our decision-making processes.

Taking seriously our duties under the Equalities Act, we will use commissioning to reinforce our approach to addressing the needs of ‘protected groups’.

We also set out our approach to the Third Sector and small to medium-sized enterprises which sometimes struggle to access public service contracts. They are too often seen as small scale, risky or marginal, and the demands of public contracting – such as track record of experience, size of contracts and transaction costs have tended to favour large over, small, suppliers. If the social sector is to be able to engage with public services, then a shakeup of funding streams and a simplification of procurement is needed.

Finally, innovation is as much about stopping doing something as it is starting or developing something else. For public services, this means changing or ‘decommissioning’ existing services to reinvest in a different, better approach and means confronting fundamental questions about the ‘right’ way to deliver what the public needs. This Commissioning Strategy will help us to become more robust about both the evidence for decision-making and the processes needed to enable decommissioning.

The Council has aspirations to ensure a consistent commissioning approach develops across the borough. As local leaders across Croydon and wider London, we will continue to work with our partners to ensure our strategies are aligned and that we develop common commissioning behaviours that always strive to deliver better outcomes for the people of Croydon.

Jon Rouse, Chief Executive, Croydon Council
1. Objectives of this strategy

This strategy is an integrated commissioning, procurement and contract management strategy. It sets out the Council’s commissioning vision and objectives and our approach for achieving these over the next three years (2012-2015). It focuses on meeting local needs and delivering value for money, and as such it aligns to the overarching vision for the borough and the organisational priorities set out in our Community Strategy (2010-15), Corporate Plan (2011-13) and Equality Strategy (2012-16).

The Strategy aims to reinforce Croydon Council’s concentration on outcomes – what matters is what works. The outcomes we want to achieve through the Commissioning Strategy are:

- Stronger communities, particularly addressing inequalities in the poorest areas and for people in protected groups;
- Safer communities with more involvement of younger people in those communities;
- A better start in life and better aspirations for our children;
- Improved health and a better quality of life for people with additional needs;
- Economic strength - an enterprising borough.

The way we will achieve this is by becoming an ‘expert commissioner of services’ commissioning services that focus on the needs and priorities of our communities now and in the future and enabling partners and individuals to deliver services that enhance outcomes and deliver better efficiency.

The Council believes that the development of this strategy is a fundamental building block in its ambition to become an expert commissioner, for the following reasons:

- It will provide a framework to support all areas of the Council in adopting a consistent, comprehensive and robust approach to commissioning activity, encouraging long term strategic planning.
- It will promote commissioning, procurement and contract management as a driver for the transformation of council services and encourage challenge of existing methods of service delivery.
- It will positively contribute to delivering efficiency and quality improvements through commissioning of excellent and cost effective services.
- It will set out how we will work with partners to develop our strategic commissioning and procurement approach across service groups.
- It will promote responsible procurement in terms of addressing social, economic and environment issues, local sustainability and equality and diversity.
- It will provide transparency around the Council’s commissioning strategy and objectives and its plans to achieve these and will act as a reference point to check progress against meeting these objectives.

The aims of the strategy are to:

- Set out the vision and direction for commissioning activity across the Council;
- Provide clarity around what we mean by commissioning, procurement and contract management;
- Define the basic principles which should support all commissioning decisions;
- Identify the key outcomes required to make Croydon Council an expert commissioner and client;
- Set out how the Council proposes to achieve the intended outcomes;
- Enable greater personal choice and responsibility; and
- Deliver the council’s public sector equality duties.
2. Defining commissioning, procurement and contract management

It is important that everyone, from Council officers, customers and residents, to Elected Members has a clear and consistent understanding of what is meant by the terms commissioning, procurement and contract management.

Definition of commissioning

For the purpose of this Commissioning Strategy, commissioning is the process for deciding how to use the total resources available in order to improve outcomes in the most efficient, effective, equitable and sustainable way.

As such it may cover decisions about commissioning solutions and services from within the organisation as well as from third parties.

Figure 1 opposite sets out at-a-glance our approach to commissioning; starting with the identified need and delivering outcome-focused services. The decision about whether to source services from within the Council or outside it falls within the commissioning process and is determined by Croydon’s aim to move to the best delivery model in terms of quality and price.

Commissioning is the process for deciding how to use the total resources available in order to improve outcomes in the most efficient, effective, equitable and sustainable way.

Our commissioning approach function broadly at three levels within the Croydon Commissioning Framework.

- Whole service commissioning for a local area or region
- A single unit operating as a commissioner for locality
- Individualised budgets and packages of support
Commissioning functions broadly at three levels:

**Strategic Commissioning**
Effectively these are over-arching commissioning intentions for populations. An example might be strategic interventions that seek to address the need for older people to be supported wherever possible to live independent lives in their own home.

It can also refer to the activity of creating a market strategy to ensure that a sufficient level, type and choice of service exists in an area to meet those needs.

**Operational Commissioning**
This refers to the aggregation of a set of similar needs into contracts or Service Level Agreements for services, through strategic partnering or competitive tender. An example might be a home care contract or framework that provides for individualised care for older people, supporting the strategic commissioning intention set out above.

It can also refer to contracting for sufficient personal brokerage arrangements to ensure that those with Direct Payments, Personal Budgets or self-funders can source and purchase the level and type of support that they need.

**Individual Commissioning**
This can refer to the brokerage of an individual service tailored to a particular need, often historically ‘spot purchased’, sometimes from a strategic ‘framework’. Commissioning at this level will set in place specific arrangements for individuals or small groups or people who require particular attention generally beyond the arrangements provided through universal services. An example might be a tailored care package for someone with acute needs. Sometimes this is referred to as ‘micro-commissioning’.

It can also refer to the sourcing and purchasing, by those with Personal Budgets or self-funders of services. Those people can be seen as ‘commissioners’ in their own right and might well become the ‘employers’ of personal assistants. This is sometimes done through ‘personal brokerage’ arrangements where the role of the local authority might be to ensure that adequate brokerage, advocacy and personal planning services exist, particularly to support people who have greater additional needs and are more vulnerable.
**Definition of procurement**

“Procurement is the whole process of acquisition from third parties and covers goods, services and construction projects. This process spans the whole life from the initial concept and definition of business needs through to the end of the useful life of an asset or end of service contract”.

Peter Gershon

Put simply, procurement is about the purchase of the goods, works and services needed to enable the Council to deliver 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 our commissioning intentions. 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 fulfil our objectives and meet local needs in the most timely and cost effective manner.

**Definition of contract management**

Contract management is the ongoing management of contracts entered into with suppliers or partners for the provision of works, goods or services. Contract management includes negotiating the terms and conditions in contracts and ensuring compliance with the terms and conditions, 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.

Contract management involves the following three elements:

- **Operational supply management** – This is the day-to-day operational contract management and supplier relationship management. It involves daily contact with service providers to maintain the delivery of goods and services and regular operational review meetings, negotiations and escalations where required.

- **Contract performance management** – This is the more strategic performance management and supplier relationship management in order to review contract performance with suppliers and identify both supplier and Council improvements. It should occur at regular intervals throughout the contract e.g. on a quarterly basis.

- **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 are no longer required.

Contract management also forms part of the commissioning cycle and is important in ensuring that the services arranged actually deliver the required outcomes.
The commissioning cycle

Fig 2. The commissioning cycle

Effective commissioning forms a continuous cycle of action and improvement, from identification of needs through to review of delivery and achievement of outcomes and includes commissioning, procurement and contract management activity. The stages are inter-dependent - each stage builds on the previous one.
3. Why is commissioning so important?

The financial environment and efficiency agenda

Croydon Council spends around £1 billion per year in delivery of its services and it is the Council’s responsibility to use this money in the best possible way to achieve its objectives, especially given the challenges arising from the current financial environment.

Effective commissioning is important because around £340m (or 34% of total budget) is spent externally each year commissioning and procuring goods and services from third parties. Getting commissioning right, therefore, is important in order to ensure that we continue to deliver the right services, to the people that need them most and deliver the impact expected.

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 need to deliver better value for money and productivity, achieve efficiency savings and, facilitate delivery of services more tailored to local needs. Effective commissioning will help us in meeting all of these challenges.

Commissioning brings with it opportunities for introducing greater flexibility in commitment of resources, but purchasing services from third parties also demands assurance that businesses delivering the goods and services are able to be resilient, reliable and continue to deliver at the right quality in the face of difficult economic conditions locally, nationally and globally.

Localism and Open Public Services

The borough’s 2040 vision sets out our local aim to become ‘An Enterprising Borough’. Part of this is the strategic aim to support the local business community and third sector to develop a thriving local economy. As a major local commissioner of services the Council has the ability to influence the level of investment in the local community through the award of contracts and stimulation of the local economy to respond to the needs of those people with Personal Budgets supplied through health and social care agencies.

The White Paper on Open Public Services, launched in July 2011, supports our ‘think local’ objectives. The paper has five main objectives:

- **Choice** – Increasing choice giving people direct control over services they use and enshrining a ‘right to choose’ into law;
- **Decentralisation** – Power over services to be held more locally. Community budgets to be introduced more extensively;
- **Diversity** – Opening public services to new providers in voluntary, public and private sectors;
- **Fairness** – Measures include a new ‘people premium’ to help more disadvantaged children into the best schools and community organisers to work in the areas that most need them; and
- **Accountability** – ‘Payment by Results’ becoming a stronger and more established lever in achieving better accountability.
The White Paper has far-reaching implications for the way in which services are commissioned, placing more choice and control in hands of the individual. The key elements of the plan are:

- Companies, charities and community groups to bid to run everything from local health services to schools, libraries and parks;
- People to be given new legally-enforceable ‘right to choose’ services;
- An extension of ‘personal budgets’ for users to buy services from any provider;
- The state to have to justify retaining monopoly service in most areas;
- Councils to be given new funding streams; and
- Providers to be able to make profits in some areas like getting people off benefits and into work, but not in others such as health care.

Through more effective commissioning and the development of this strategy, the Council can rise to the challenges sets out in the White Paper. We are committed to:

- Working closely with the third sector to build capacity and sustainability;
- Establishing a level playing field and minimising barriers for charities and social enterprises to enter into competition to run services;
- Clarifying our approach to the concept of social capital i.e. as well as assessing providers on price and quality the elements of social, environmental and economic value a service can add will be reinforced in commissioning decision-making;
- Embedding good practice around regular review of alternative service delivery models;
- Reviewing our services, contract arrangements, and ‘market shaping’ work in order to make sure we facilitate greater choice and control and better outcomes through self-directed support and increased direct payments; and
- Balancing increased citizen choice against all the efficiencies that standardisation and volume discounts can bring.

On the 8th March 2012 the Public Services (Social Value) Act 2012 received royal assent. The Act’s purpose is to require public authorities to have regard to ‘economic, social and environmental well-being in connection with public services contracts and for connected purposes.

All public authorities are now required to consider, prior to undertaking the procurement process, how any services procured (whether covered by the Public Contracts Regulations 2006 or otherwise) might improve the economic, social and environmental wellbeing in areas which that public authority exercises its functions. Furthermore it must consider how it can secure such improvements as part of the process.

This legislation is complementary to the public sector duties under the Equality Act (2000).

The kinds of implications has could be far-reaching. It could mean that a mental health service is delivered by an organisation that actively employs people with a history of mental health problems to help deliver the service - the social value of commissioning these services being partly related to the person with mental health problems having a job. Housing services could choose to provide greater social value by promoting careers through construction and trades contracts. Whilst it was possible for public authorities to include such elements within public contracts (and conduct procurement activities with such elements in mind) there was previously no obligation to do so.
The duty on Local Authorities to consider the wider economic, social and environmental implications of procurement processes is one which is already being considered on a number of procurement levels. One of the objectives of the Commissioning Strategy is to address some of these themes and to formalise arrangements as part of a process that strengthens socially responsible procurement - particularly through the development of a toolkit / guidance document around sustainable procurement.

The aim of the toolkit is to support commissioners in thinking about how to improve the social value we can derive from contracts, but it also helps develop practical ways to ensure a ‘level playing field’ such as splitting projects into smaller lots. Commissioning is a process, and the earlier in the process these considerations are made the greater the opportunity for successful inclusion of social benefits. This is sometimes referred to as ‘tactical spending’. Tactical spending can support local business by deliberately ensuring the removal of barriers for small and medium enterprises or Third Sector organisations to bid for commissioned work, and in doing so supports greater choice and diversity.

Open Public Services also means transparency and accountability to the public through responsible governance arrangements.

Decision-making is always done within the framework of local democracy and decisions will continue to be subject to scrutiny through elected representatives.

In addition, the Chief Executives represented at Croydon’s Local Strategic Partnership will continue to meet and provide leadership that ensures that we work collectively at local levels, we share responsibility and we keep each other sighted on the big issues. We will continue to work towards alignment of our aims and integration of our engagement and delivery wherever possible.

### Integrated and Shared Commissioning

In many cases it takes more than one agency to provide the services needed by local communities and individuals. In these cases, we need to develop integrated commissioning arrangements to make sure all the necessary agencies work together to meet the needs of the people using their services. By working more closely together to complement and support integrated front-line delivery. This involves a step change transition that will require clear leadership, a strategic understanding of how far all outcomes in the borough are met, and a more commercially minded approach to procurement – all focused on identified needs.

Sometimes local authorities and others can come together to collectively procure goods and services; in these cases we will rely on our market intelligence and analysis, the strength of our networks and strategic relationships and our role as leaders, where Croydon needs to bring others into a strategic procurement hub or other similar arrangement.

At the heart of the latest reforms to social care and health, contained in the Health and Social Care Act, are two principles: first, patients should have more control over the care they receive and second, those responsible for patient care should have more freedom and power to lead the NHS to deliver better outcomes more efficiently.

The reforms put groups of general practitioners - ‘Clinical Commissioning Groups’ – at the centre of NHS commissioning at local level, but they also forge a new role for the contribution of local government at the core of the health and care services through aligning the functions of Public Health within local authorities.
Commissioning Strategy
Meeting local needs and delivering value for money

The Act tasks local authorities with establishing Health and Wellbeing Boards. These boards will take on familiar roles, such as conducting needs assessments of local areas but they will also convene arrangements for local commissioning and provider partnerships across the NHS, local government and others and determine the strategy to meet the wellbeing needs of the local area.

For the first time since the 1970s, local authorities acquire the statutory responsibility for commissioning public health services, allowing the development of more holistic, integrated public health services that are more effective at tackling long-term health challenges like obesity, smoking, and alcohol misuse.

Effective joint working between the Clinical Commissioning Group and Croydon Council will be essential, building on Croydon’s strong track record of partnership across health and social care. Work is underway to facilitate the smooth transition to the new arrangements to ensure a strong local position in respect of both integrated commissioning and integrated service delivery, wherever possible, in order to secure service continuity and to meet the financial and service demand challenges that are faced by both the local NHS and Croydon Council.

The Clinical Commissioning Group is represented at the Health and Wellbeing Board and is beginning to determine the pathway improvements it wants to see. A Memorandum of Understanding exists between the Council and NHS South West London and new relationships are starting to be established in order to develop a framework for co-operation between the organisations.

The strategic context

The Commissioning strategy supports the successful delivery of a number of different corporate strategies and objectives. The principles set out in this strategy have been developed to support and complement our strategic outcomes and partnerships.

Fig 3. The strategic context

Croydon’s Community Strategy 2010-2015

Draft Health & Wellbeing Strategy
Equality Strategy
Stronger Communities Strategy
Croydon Compact
Children’s Plan
Economic Development Strategy
4. Croydon’s commissioning vision

The Council has developed a commissioning commitment that aims to clearly set out our approach to commissioning. This commitment is supported by a series of principles and agreed standards that aim to deliver consistency across the organisation and provide a simple quality check to ensure that all commissioning decisions contribute to our success in meeting local needs and becoming an expert commissioner.
Our commissioning commitment

We will become expert commissioners of services and a great client who will engage in honest and open dialogue about the future of services. We will support individuals and communities to take a leading role in designing and delivering their own services. We will develop a mixed economy of service providers, marked by fair competition and a commitment to partnership.

Key commissioning principles

This commitment is underpinned by a clear set of principles that will become the framework for how we will commission services. These principles have been developed to convey clarity, transparency and quality and provide the basis on which healthy dialogue and challenge can exist amongst commissioners and providers:

- We will take an outcomes based approach to commissioning;
- We will understand the needs and priorities of our citizens, now and in the future and clearly specify our requirements;
- We will ensure that value for money and achieving sustainable efficiencies are the foundation of our commissioning solutions;
- We will involve customers and service users in the planning, design, monitoring and evaluation of services;
- We will ensure commissioning takes place at the most appropriate level (services will be personalised wherever possible);
- We will be honest about the financial and legislative frameworks in which services are to be provided;
- We will support market developments to ensure there is a mixed economy of commissioned services enabling partners and individuals to deliver services where they can enhance outcomes and efficiency;
- We will build the capacity of our local third sector and small businesses to ensure they have equal opportunity to participate in commissioning;
- We will promote investment in the local community through all stages of the commissioning process; and
- We will work jointly with other relevant local and regional commissioners to best secure positive outcomes and value for money for our residents.

Appendix 1 of this document is a set of expected standards which are intended to be used as a checklist by commissioners to ensure consistency across our commissioning decisions and to guarantee that outcomes and value for money remain at the core of all decisions.
5. Becoming an ‘expert’ commissioner

Becoming an expert commissioner is a medium term to long term aim; our transformation will not happen overnight. Becoming an expert commissioner is a cultural shift that will require us to develop new ways of working within the council as well as with our local communities, partners and service providers.

What do we need to do well to become ‘expert’?

In order to measure our progress and to ensure that we are heading in the right direction it is important to understand what good or expert commissioning looks like.

An authority that is good at commissioning does the following things well:

- Understands and challenges needs and priorities;
- Challenges existing, and reviews alternative, service delivery models;
- Decommissions services where appropriate;
- Focuses on outcomes;
- Influences and has greater impact on the market - encouraging diversity of providers, building capacity and sustainability in the third sector;
- Uses its purchasing power to promote the public sector equality duty;
- Commissions in partnership; and
- Promotes sustainable and responsible procurement.

Understanding and challenging needs 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 discussion. Understanding current levels of service provision, spend and patterns of demand and use over time is also vital to making a decision over what service should be delivered in the future.

Key considerations:

- Why do we need this product/service?
- What is happening to local need?
- Who uses it and will the requirement change in the future?
- What are the legislative or regulatory requirements?
- What is currently being spent on services?
- What resources are available to meet future need?
- Is this service needed?
Commissioning Strategy
Meeting local needs and delivering value for money

Challenging existing, and reviewing alternative, service delivery models

Once a need for a service has been identified it is important to review and challenge current service provision where it already exists to ensure continued value for money through effective and efficient services. Consideration should be given to any changes in the policy framework or market that may open up new opportunities.

Key considerations:

✓ Does the current service deliver the required outcomes?
✓ Does the current service model deliver value for money?
✓ What is the Council’s policy on usage and how consistently is it applied?
✓ Is there scope to collaborate with others?
✓ How effective is current service provision and market?
✓ Does the market offer competition, choice and diversity?
✓ Should the primary relationship with the provider be with the council or with individuals with Personal Budgets and self-funders exercising choice and control?

Decommissioning

Decommissioning is part of the commissioning cycle and should be undertaken in a planned way to ensure that the most effective services are delivered, making best use of the resources available. 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. This will enable us to invest in new services in accordance with our strategic commissioning plans.

Key considerations:

✓ Is the service still required?
✓ How effective is the current service provision?
✓ Does the current delivery model provide value for money?
✓ Have alternative service delivery models been identified?

Appendix 2 provides a quick checklist for commissioners needing to plan a decommissioning exercise.

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 will contract or provision be designed to meet future changes in need?
✓ How can specifications be designed to enable the council to secure service improvements and efficiencies?
✓ How can outcomes be measured and contract performance managed?
Engaging with the market

The Council and its partners have a key role in shaping the market through the Commissioning Strategy and in its wider community influence in Croydon. We aim to develop a relationship between the Council and our suppliers that creates mutually advantageous, flexible and long term relations based on continuous improvement and financial savings. There are five key approaches to market engagement:

- Develop a deep understanding of key markets;
- Engage with and shape the market;
- Encourage supplier diversity;
- Work in partnership with suppliers; and
- Broker a dialogue between market suppliers and service users.

Understanding the market

Improved commissioning and procurement requires a good understanding of what the market can offer. We will analyse and research supply markets for different services to ensure we have a good understanding of capability and capacity issues, and will maintain a dialogue with potential providers, including organisations from the community and voluntary sector. This will be aided by the Council’s category management approach to market engagement and the use of supplier and contract management.

Through market supplier analysis we will develop a strategic market development and purchasing strategy for the products and services our organisation consumes. It will aim to remove supply vulnerability as much as possible and maximise our potential buying power. Tools such as the ‘Kraljic Matrix’ will allow us to work in a smarter way in terms of sourcing strategy. It will help determine the type of relationship we should be fostering with each of our suppliers and to map our strengths and vulnerability to suppliers’ position in the market.

Market shaping

Effective commissioning also involves working closely with the market to help shape the market so that it is best able to meet the needs of service users. Sometimes this means helping markets to ‘tune in’ to specific and diverse needs that were not so apparent. It may be as the result of a strategic needs assessment or because a situation has arisen where need appears to have been met but service users are unsatisfied with the model of delivery or some other aspect.

Encouraging diversity of providers

Supplier diversity is essential to a competitive market that can supply the Council and its service user’s requirements and provide value for money. We need to interact with the market and our suppliers in particular to understand their views and what enables and encourages diverse parts of the market to bid for work with the Council. At the same time we need to ensure that our relationship with suppliers is mutually productive and that goals are shared.

Working in partnership with suppliers

The strategic objective of partnering is the delivery of better services to citizens through the creation of sustainable partnerships between councils and suppliers in the public, private, social enterprise and voluntary sectors. We are committed to working with our suppliers in partnership to establish long-term relationships, based on trust and mutual support and endeavour to share risks and get suppliers to help design innovative services through our strategic commissioning and procurement approach.
Brokering a dialogue between market suppliers and service users

One example is that as we start to put personal budgets in place we start to get intelligence about what people want. We need to make sure we have the feedback right between what frontline staff are being asked to put in place for people and what strategic commissioners are working with the market to develop. It may be that feedback gives us information on things that the social care markets do not provide at all.

Key considerations:

- Is the market currently providing the required service?
- Has the market changed since the service was first set up?
- Is there healthy competition in the market?
- Can we develop the market further to provide greater value for money?
- What capacity is there locally to deliver?

Building sustainability in voluntary and third sector

Croydon Council has a long history of partnership working with the voluntary and community sector (‘Third Sector’), and of encouraging active citizenship and community empowerment. The focus nationally and locally on the development of the Big Society and Open Public Services is putting greater emphasis on the role of individuals, communities and Third Sector organisations in designing and delivering solutions for themselves.

We have a diverse and active Third Sector in Croydon and across London and the South East which undertakes many different roles from targeted outreach work with particular vulnerable groups in the community, to the delivery of multi-million pound contracts in areas like recycling, transport, culture and sport. The Third Sector plays a vital role in promoting social inclusion, innovation, building trust and tailoring services that better reflect local needs and preferences; it adds value by drawing in volunteers and attracting external funding to Croydon. At its best the Third Sector has the capacity to deliver the best outcomes, achieve better value for money and secure wider 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 tiny community groups with little experience of commissioning practices to local arms of major national charitable organisations.

There are major barriers that have unnecessarily prevented some Third Sector organisations responding positively to a commissioning-led environment. These are:

- Lack of appreciation by commissioners of range of services that can be provided through the Third Sector market and the unique qualities that the sector offers;
- The construction and packaging of contracts that tend to favour the largest types of organisations with significant existing infrastructure;
- The timescales set for response to commissioning opportunities are often problematic for smaller Third Sector organisations with limited back office capacity;
- The pre-tender thresholds used have tended to be very onerous for Third Sector organisations and favour larger more established private sector organisations with a significant track record;
Limited acknowledgement of the concept of social capital and how to recognise its value through the procurement process; and

The lack of an outcome based approach and an over reliance on prescribed method statements, leaving limited opportunity for the innovation characterised by the Third Sector.

We are working closely with a wide range of Third Sector representatives to address these barriers through early engagement of potential Third Sector providers when we are considering and shaping our commissioning plans and priorities, being realistic about the time required for the voluntary sector to respond, flexible approaches to allow for innovation and creativity, recognition of local social impact in the tender process, and creating a more streamlined and proportionate tender process.

Key considerations:

- Should the community play a role in providing this service for themselves?
- Does the Third Sector have equal access to the commissioning opportunity?
- Do local voluntary and community organisations and those from protected groups have the capacity and capability to compete?
- Is the procurement process proportionate to the service being commissioned?
- Does the commissioning process allow for innovation and creativity?
- Can we use our sourcing analysis to support proactive capacity-building where the voluntary sector might fill essential gaps in the market?

Commissioning in partnership

The Council recognises that successful commissioning and procurement can develop and change supply markets and affect behaviours. To manage this effectively we need to pull together, acting jointly and collaboratively. We acknowledge that working with other public bodies can deliver best value especially in terms of:

- Aggregation of spend to produce economies of scale;
- Use of wider experience and greater expertise; and
- Procurement efficiency (avoidance of multiple procurements).

The Council has aspirations to ensure a consistent commissioning approach develops across the borough. Through the Local Strategic Partnership Chief Executive’s Group, 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 borough.

The Council will always seek to benchmark and procure in collaboration or through existing consortia arrangements wherever they are available and appropriate and represent best value for money. Our procurement function will seek to ensure that contracts put in place will be open for use by, and provide benefit to other organisations.

Key considerations:

- Can greater efficiency gains be achieved through a partnership approach?
- Can we improve our spending power and our relationship with suppliers through collaboration?
- Are there best practice examples?
Promoting service user and citizen involvement in commissioning

The concept of user or citizen involvement is important to our approach to commissioning in Croydon. By involving people who will use the commissioned services it is hoped and presumed that such commissioning will result in high-quality services that adequately reflect user need. However, although it is generally assumed to be ‘a good thing’ people are not always clear what it means in practice.

The ways in which users of services can improve the quality and effectiveness of commissioning include:

- informing needs assessment processes and activity;
- helping commissioners build up knowledge of local markets and choice;
- providing feedback into quality assurance processes and activity;
- providing insight into uptake and accessibility of services; and
- highlighting areas that cross traditional service sector boundaries and contributing to discussion in areas that transcend particular interests – for example, transport.

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

Central to commissioning is the active involvement of children and young people in the discussion of outcomes and in the decisions that commissioners make to achieve them. Underpinning this approach is Article 12 of the UN Convention on the Rights of the Child and the ‘Duty to Involve’ local people in decisions. The principle of ‘no decision about me, without me’ summarises what we mean.

Some young people may be interested to work directly with commissioners across the commissioning cycle; others may want to participate in the commissioning process from the perspective of the provider organisation, helping them achieve funding for local services and activities.

A ‘How to involve children and young people in commissioning’ toolkit will support commissioners and providers in making this a reality.
Commissioners should ask themselves:

- At what points in the process can we involve service users and citizens, beginning early in the planning stages?
- What can users tell us about current use, markets, satisfaction levels, quality and reliability?
- How can we involve them in helping us determine future, anticipated need, including looking at new models of delivery?
- Who can represent service users for the purpose of shaping these services – specific forums or a wider public?
- What adjustments need to be made to involve difficult to engage people or those with additional needs (such as people with learning disabilities) so that we get beyond the ‘usual suspects’?
- What additional support, coaching and information do those people need?
- What is reasonable in terms of what can be asked from volunteers (for example involvement in lengthy, technical contract evaluations)
- Have we put in place mechanisms to respect their contribution by informing volunteer users of decisions (based on their input), and thanking them?

**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 commissioning process?
- Is the planned commissioning process in line with the council’s environmental policy?
- Are our strategic objectives being met through the commissioning of this service?

**Tools for innovation**

**Corporate social responsibility (CSR)**

Corporate Social Responsibility is the commitment by an organisation or business to behave ethically and contribute to the social and economic development of the workforce and their families as well as of the local community and society at large.

CSR represents a potential lever for the council to tap into the CSR policies of some of our major providers to facilitate their investment in our local community through actions such as providing work experience for the local unemployed when delivering services or building capacity in local Third Sector organisations.

While in the past we have relied on legislation and regulation to deliver social and environmental objectives in the business sector, a more competitive environment and a move towards greater alignment of providers to commissioners’ values has led to the exploration of more voluntary and non-regulatory initiatives.

The Council is mindful that there is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers themselves so services commissioned by public services need to apply the same thinking.

As well as CSR delivering benefits such as employment in the immediate local environment added value through CSR can include greater material recyclability and use of renewable resources, higher environmental management standards, eco-labelling and other practical commitments to sustainability. Companies will be encouraged to seek out CSR in their own supply chain - for example by local sourcing of goods and materials and by being more ethically responsible.
Payments by results (PbR)

PbR or payment by outcome is a centrepiece of the Coalition government’s plans to reform public services - promoting innovation, increasing accountability and encouraging co-production from service users by paying providers for the results they achieve, rather than the effort they put in. It is part of a wider shift towards outcomes-based commissioning.

Outcomes-based commissioning assumes that it is more productive and more reinforcing of innovation to care more about the impact than the effort involved on the part of the provider. Using such an outcome focused approach can diminish the need for bureaucratic micromanagement and rigid rules. Outcome information can assure the public that investments are producing results and agreement on desired outcomes can make cross-systems collaboration more likely. It can also help promote a community-wide ‘culture of responsibility’ and fuels the momentum for change, helping all stakeholders to judge the effectiveness of their efforts.

PbR can be used in most commissioning situations, including, for example payment according to the number of Young People with Disabilities achieving recognised qualifications rather than courses they attend, payment by the number of Young People Leaving Care maintaining a successful tenancy for 1 year rather than merely to provide the tenancy to care leavers, or on payment by number of people with mental ill health going into voluntary work rather than opportunities offered.

Personal budgets

Personal budgets or Individual Budgets are an allocation of funding given to users (following an assessment) to enable them to source and pay for appropriate services that will meet their assessed needs. This is referred to as ‘Personalisation’. Users can either take their personal budget as a direct payment, or – while still choosing how their care needs are met and by whom – leave councils with the responsibility to commission the services. Personal budgets have been rolled out in England since 2008, with a target of providing every social care service user with one by 2013. They are also being trialled for use in the NHS for health outcomes. Through the use of personal budgets the Council is able to promote greater levels of ‘self-directed support’, providing greater choice and control. They also present an opportunity to local providers, and in particular the Third Sector, as individuals are likely to explore locally the options for more creatively meeting their care and support needs. Individuals are free to explore less traditional inputs provided their care and support outcomes are equally well-met.

Page 7 of this document refers to the level of ‘Individual Commissioning’. This is sometimes done through ‘personal brokerage’ arrangements where the role of the local authority might be to ensure that adequate brokerage, advocacy and personal planning services exist, particularly to support people who have greater additional needs and are more vulnerable.

Personal budgets can be used for part of a package of care or for the whole package, so disabled adults and children, people with mental health problems, frail older people and carers – all of whom may be entitled to services - may instead take an allocated sum in order to purchase services. They may choose to use a ‘Personal Assistant’, or to meet their needs in other ways, providing it meets their assessed needs.
Social impact/value

Social impact is the effect of an activity or service on the local community and well-being of individuals and families. Such impacts can be measured in terms, for example, of changes in levels of employment, health, crime, sustainability, education, community cohesion and diversity. Measuring social impact can be a challenge. However, it provides a useful way of capturing the added value delivered through investment in the local community. When well-measured and articulated it can prove a useful method for local providers, particularly the Third Sector, SMEs or businesses run by protected groups to evidence greater value for money through the delivery of services through the wider social benefits they bring to an area.

Croydon’s Social Value Toolkit, which is part of the commissioning framework, aims to illustrate, through examples, how to build in a greater social return on investment (SROI) to commissioning activity and how to measure the benefit. The Toolkit has been developed to ensure that maximum longer term social benefit has been considered when buying supplies and services and aims to provide a practical guide to buying while sustaining the local economy.

The document aims to equip all of those in the Commissioning and Procurement field with the right knowledge to take the first steps to procuring for social benefit. It highlights the legal context – this section is useful for those making a legal case for the inclusion of social issues – and is a step by step approach outlining what has to happen and how it has to happen to ensure it is both legal and efficient.
Social Impact Bonds
Social Impact Bonds are a form of outcomes-based contract in which public sector commissioners commit to pay for significant improvement in social outcomes (such as a reduction in offending rates, or in the number of people being admitted to hospital) for a defined population.

Social Impact Bonds are an innovative way of attracting new investment around such outcomes-based contracts that benefit individuals and communities. Through a Social Impact Bond, private investment is used to pay for interventions, which are delivered by service providers usually with a proven track record.

Financial returns to investors are made by the public sector on the basis of improved social outcomes. If outcomes do not improve, then investors do not recover their investment.

Social Impact Bonds provide up-front funding for prevention and early intervention services, and remove the risk that interventions do not deliver outcomes from the public sector. The public sector pays if (and only if) the intervention is successful. In this way, Social Impact Bonds enable a re-allocation of risk between the two sectors.

There is more than one example of SIB. In principle all models are likely to work best in the short to medium term where:
- There is a reasonably short gap between interventions and measurable results;
- There are very tangible financial gains, for example the very high costs associated with the current service model, for example accommodation, hospital beds, prison places, as well as with the cost of crime; and
- The numbers of stakeholders are small, i.e. one local authority, a financing body and one strategic provider working on contract.

Stakeholders need a shared analysis of lifetime costs and benefits associated with different actions and client groups.

All such models bring some common challenges, which include measurement (agreed baselines and metrics that are not vulnerable to economic downturns and national policy changes) and a credible menu of actions to implement which significantly outperform existing ones. They also depend on the presence of a credible implementation capacity and risk-handling strategy.
6. Delivering the strategy

Improved operating model

The challenging financial environment, localism agenda and changes within the health sector indicate the need for us to significantly extend and improve our commissioning role and require an even more effective and integrated commissioning framework. This is not just about structures; we recognise the need to create a culture where we have specialist commissioner and contract management skills that recognises the move towards a commissioning-led model and away from being a direct provider of services where contestability suggests we can deliver better value and quality from the market.

This does not mean that we will not undertake direct in-house delivery of services where that is the best option, but we should have reviewed each provider service to ensure that we know what is the best option. It means that periodically we will review the broad market opportunities and that there will be a clear evidenced-based direction for all council provider services.

Fig 5. Structural response to the Council’s target operating model (2011)
In this new operating model service departments continue to lead and to be responsible for:

- Identifying needs;
- Commissioning services to meet that need at good value for money; and
- Ensuring efficient delivery of high quality services.

Service departments are supported by a coordinated and professionalised corporate function focused on developing strong working relationships and the adoption of more proactive, enabling behaviours. This model is more flexible and based on more effective forward planning of commissioning and procurement activity.

**Key elements of the improved operating model are:**

- The establishment of the Strategy, Commissioning, Procurement and Performance (SCPP) division;
- The establishment of a Procurement Taskforce;
- The adoption of a ‘category management’ approach to procurement, incorporating robust mutual expectations around the management of a portfolio of contracts under categories of spend.

- The establishment of a Capital Delivery Hub, responsible for building a strong client commissioning and delivery function to effectively realise the council’s ambitious capital, infrastructure and regeneration programmes.

**Establishment of an enabling function for commissioning**

The quality of our commissioning and procurement will depend on securing excellent working relations between departmental commissioning teams, other internal and external stakeholders and SCPP.

Service teams will be supported to recognise their own need for securing procurement savings, and to work with the enabling functions within SCPP, including the Procurement Taskforce, to secure those savings against a clear brief and the ongoing input of technical service expertise.

There are therefore a number of services that need to consider how they intend to professionalise their contract management function and work with SCPP to create a networked group of managers committed to consistency of standards and ongoing development.

SCPP has been established to create a single hub, bringing together collective resources from across the Council in order to:

- Enable frontline services to develop strategy and strategic commissioning across the organisation;
- Develop a consistent professional approach to commissioning, procurement and category management;
- Support performance management and deliver better performance outcomes; and
- To ensure all of these functions work sympathetically as enablers to both serve and challenge services.
The role of SCPP is to co-ordinate the strategy, commissioning, procurement and performance functions of the council going forward which includes the following activities:

- **Strategy** – SCPP will help to shape the strategic direction of the Council and pro-actively co-ordinate the Council’s response to the national policy agenda and will provide strategic intelligence to support outcomes based commissioning.

- **Commissioning** – SCPP will assist in developing and implementing a corporate commissioning framework, develop the discipline of category management and support service-based commissioning – ensuring consistency across the organisation.

- **Procurement** – SCPP will develop procurement policy and governance across the organisation. SCPP will also manage corporate frameworks and buying solutions for the Council and ensure the Council is approaching the market in a consistent manner.

- **Performance** – Through the development of a performance framework, SCPP will provide meaningful performance information to our decision-makers and residents. SCPP will also support the council to better understand the needs of our diverse communities.

### Procurement Taskforce

The Procurement Taskforce sits within the existing commissioning and procurement team with capacity and capability from our delivery partner. Both parties work together as one team and are mutually incentivised to deliver. A key benefit of the partnership is knowledge and skills transfer which will lead to sustainable improvements in performance across the team.

The partnership arrangement complements the existing commissioning and procurement team with capacity and capability from our delivery partner. Both parties work together as one team and are mutually incentivised to deliver. A key benefit of the partnership is knowledge and skills transfer which will lead to sustainable improvements in performance across the team.

1. Figures based on initial scoping
Category management

Through the formation of SCPP and the Procurement Taskforce, we have introduced category management which is a strategic approach to managing all aspects of the commissioning cycle. It works by taking an organisation-wide view of spend, and grouping spend on similar products or services into appropriate categories. It is about taking a project management approach to buying goods and services that is structured, measurable and drives continuous improvement.

A key factor in making category management a success is the change in the way the Council does things in relation to how we commission and manage service delivery. Category management is not just about sourcing and purchasing processes. The category management approach should complement the commissioning cycle by:

- Examining ways to avoid unnecessary spend;
- In/outsource the management of key spend areas;
- Standardising products/services where appropriate - bundling up similar services across the council;
- Minimising wastage;
- Effectively managing the supply chain; and
- Managing a portfolio of contracts throughout the lifetime of those contracts in order to ensure ongoing performance and to maximise opportunities that review can bring.

The outcome is to buy more strategically, be more innovative and enable commissioners to get the most out of the market and suppliers.

What does this mean in practice?

A category management approach requires that, instead of negotiating on one service or product, category managers negotiate on a ‘category’ of spend. This could be around closely related elements within say, Children, Families and Learners (for example services to support families which could be provided better in an integrated way) or across departments (for example ‘transport’) in order to simplify, standardise and maximise the benefits of bringing into scope a greater volume.

Across the Council, third party expenditure has been grouped into the following categories, each managed by a category manager:

- Corporate Services
- ICT and Facilities Management
- Adult Social care, Health & Housing
- Children Families and Learners
- Environmental Services
- Fleet transport
- Construction and Work

Category Managers are responsible for overseeing all commissioning and procurement activity within their category. A key element is the production of 3-year Category Plans and reviewing and updating these on an annual basis, with the aim of optimising quality and maximising savings across the Council as a whole.
Commissioning in practice

To recap, the diagram in fig. 6 (p29) illustrates the relationships and dependencies between the various departments involved in commissioning and procurement activity across the Council and shows how both the corporate commissioning strategy and departmental commissioning plans will feed into the category planning process. The diagram also sets out, at a high level, the scope of the various commissioning and category planning documents.

The key documents identified in the model are:

- **Commissioning Strategy** - sets out overall vision and approach

- **Departmental Commissioning Plans** – service based commissioning plans setting out the outcomes required to meet identified need

- **Category Plans** – sourcing strategies and service model designs to deliver the required outcomes
Commissioning Strategy
Meeting local needs and delivering value for money

Fig 6. Croydon commissioning model

Corporate commissioning strategy
- General vision and aims of the Council
- Defining what it means to be an ‘expert commissioner’
- Identifying the basic principles supporting commissioning decisions
- Agreeing the intended outcomes (what difference will good commissioning make?)
- Promoting responsible procurement - sustainability, ‘think local’, building sustainability in 3rd sector
- Setting out how we’ll organise ourselves – Category Management’ approach
- Introduction to Category Plans

SCPP
- Strategic intelligence
- National policy context
- Corporate/local priorities
- Market intelligence
- Risk management
- Procurement expertise
- Learning from experience

Service departments
- Service knowledge and expertise
- Detailed legislative /policy framework
- User engagement
- Operational supplier relationship
- Learning from experience

Departmental commissioning plans (e.g. DASHH)
Profile for where we want to get to
Priorities /objectives for change for the next 3 years.
Short, medium and long-term financial investment strategies
Links to how the objectives will help to achieve Corporate objectives
Identification of innovative / cost effective options for single or joint commissioning:
- services to be remodelled
- services no longer fit for purpose (de-commissioning)
- new services needed
Analysis of the market to determine in what sector services could best be provided (independent, 3rd sector, LATC, Local Authority) showing business cases that include a cost and benefit analysis
Market development and procurement plan
Workforce & leadership strategy to deliver the right roles and skills across all sectors
Arrangements to monitor review and evaluate

Corporate planning cycle

Embedded category management approach

Category plans
- Brief legislative, regulatory and policy framework for the category – procurement and service
- Summary of needs analysis
- Summary of business requirements / imperatives (including savings targets associated with procurement)
- Summary of spend analysis
- Summary of market and supplier analysis and gap Analysis
- Summary of risk analysis
- Resource Analysis
- Statement of sub-categories, and for each of these:
  - Overall strategy and direction of travel
  - Supplier analysis
  - Service Design/Specification
  - Business Case
  - Supplier Development plans
  - Plans for category review

Key
- Corporately owned
- Departmentally owned
- Function

6. Delivering the strategy | 31
7. Embedding the strategy

This strategy is supported by a series of guidance documents and toolkits that make up the Croydon commissioning framework. These documents have been designed to provide more information about how to meet the objectives and vision set out in this strategy.

The commissioning framework

Fig 6. Croydon commissioning model – relationship between strategy and framework
Delivering the framework

The table overleaf provides further detail on each of the tools within the Croydon commissioning framework. These documents will be designed to be easily accessible, providing a user-friendly support system that will help turn the commitment, principles and standards set out in the strategy into a reality. They are practical guides that clearly set out the roles, responsibilities, skills and knowledge needed to make commissioning in Croydon effective.
## Table 1. Framework documents

<table>
<thead>
<tr>
<th>Framework tool</th>
<th>Description</th>
<th>Target date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>People</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People</td>
<td><strong>Category management handbook</strong></td>
<td>June 2012</td>
</tr>
<tr>
<td></td>
<td>Detailed guidance to category management that describes the ‘category wheel’ and the key activities that should be carried out at each stage of the commissioning process. This document also provides more information about the roles of the commissioner and the category manager, setting out the partnership approach and normal expected levels of responsibility for each activity.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Expert commissioning training programme</strong></td>
<td>September 2012</td>
</tr>
<tr>
<td></td>
<td>This document looks at what skills and knowledge are needed to be an expert commissioner and a successful provider in Croydon as well as to ensure effective decision making. It includes a training needs analysis and development programme for both internal and external stakeholders.</td>
<td></td>
</tr>
<tr>
<td><strong>Processes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Processes</td>
<td><strong>Procurement handbook</strong></td>
<td>June 2012</td>
</tr>
<tr>
<td></td>
<td>This document provides further information on the procurement process and sets out information around statutory duties and financial thresholds. It also includes further information on the third sector commissioning process and addresses the public sector equality duty through procurement.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Social value toolkit</strong></td>
<td>June 2012</td>
</tr>
<tr>
<td></td>
<td>Toolkit designed to provide guidance on how to ensure socially responsible procurement takes place. This document will help commissioners to embed social impact and local investment in the commissioning process.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Decommissioning toolkit</strong></td>
<td>May 2012</td>
</tr>
<tr>
<td></td>
<td>Detailed guidance for commissioners on the decommissioning process providing information on process, important considerations, roles and responsibilities and signposting further available support.</td>
<td></td>
</tr>
<tr>
<td><strong>Engagement</strong></td>
<td><strong>Strategy engagement plan</strong></td>
<td>Ongoing</td>
</tr>
<tr>
<td></td>
<td>Plan of ongoing engagement and dialogue with key stakeholders including, internal commissioners and procurement professionals, local providers and service users.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>How to involve children and young people in commissioning toolkit</strong></td>
<td>November 2012</td>
</tr>
<tr>
<td></td>
<td>A practical guide to support the involvement of children and young people in commissioning decision-making, contract review and scrutiny.</td>
<td></td>
</tr>
<tr>
<td><strong>Performance</strong></td>
<td><strong>Contract performance management handbook</strong></td>
<td>July 2012</td>
</tr>
<tr>
<td></td>
<td>Detailed guidance for commissioners on contract management that supports them in setting up contract management frameworks. This document also provides more information about the split of responsibilities between the procurement team and the commissioner in ensuring effective contract performance management takes place.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Action plan</strong></td>
<td>Included in strategy</td>
</tr>
</tbody>
</table>
### Action plan

#### Table 2. Strategy action plan

<table>
<thead>
<tr>
<th>Strategy outcomes</th>
<th>Success criteria</th>
<th>Action</th>
<th>Key deliverables/ targets</th>
<th>Date</th>
<th>Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consistent and transparent commissioning approach across the Council</td>
<td>Commissioning strategy in place</td>
<td>Develop strategy</td>
<td>Strategy agreed by Cabinet and published</td>
<td>June 2012</td>
<td>Director, SCPP</td>
</tr>
<tr>
<td>Voluntary sector commissioning integrated with strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category management approach embedded and roles and responsibilities are understood</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Carry out the ‘category wheel workshop’ with a variety of internal stakeholders to establish a Croydon norm for the split of responsibilities between SCPP and services</td>
<td>Agreed Croydon norms established for each activity on the category wheel</td>
<td>April to July 2012</td>
<td>Director, SCPP</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Develop category management definition as part of commissioning strategy/ framework</td>
<td>Category management handbook published</td>
<td>July 2012</td>
<td>Head of Commissioning &amp; Procurement</td>
<td></td>
</tr>
<tr>
<td>Commissioning and procurement governance arrangements are robust</td>
<td>Review and refresh all procurement procedures and documentation</td>
<td>Procurement contract standing orders and published information updated</td>
<td>June 2012</td>
<td>Procurement Development &amp; Governance Manager</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Procurement handbook developed incorporating third sector commissioning process</td>
<td>July 2012</td>
<td>Head of Commissioning &amp; Procurement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Launch new procurement &amp; contract management training programme</td>
<td>Programme launched and 100% of lead commissioners trained</td>
<td>March 2013</td>
<td>Procurement Development &amp; Governance Manager</td>
<td></td>
</tr>
</tbody>
</table>
### Commissioning Strategy
**Meeting local needs and delivering value for money**

<table>
<thead>
<tr>
<th>Strategy outcomes</th>
<th>Success criteria</th>
<th>Action</th>
<th>Key deliverables/ targets</th>
<th>Date</th>
<th>Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consistent and transparent commissioning approach across the Council</td>
<td>Launch new commissioning support package (Expert Commissioning)</td>
<td>Programme launched and 100% of lead commissioners trained</td>
<td>September 2012</td>
<td>Commissioning Support Manager</td>
<td></td>
</tr>
<tr>
<td>Increased engagement of Councillors in commissioning process</td>
<td>Develop commissioning and procurement awareness raising sessions for elected members</td>
<td>Programme launched and all cabinet members attended</td>
<td>October 2012</td>
<td>Commissioning Support Manager</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commissioning approach reviewed by Scrutiny</td>
<td>Scrutiny recommendations recieved and responded to</td>
<td>March 2012</td>
<td>Commissioning Support Manager</td>
<td></td>
</tr>
<tr>
<td>Introduce performance metrics for measurement of the effectiveness of the Strategy</td>
<td>Develop metrics to include e.g.: Efficiency savings deliverables • Patterns of commissioning by sector (e.g.Third Sector and SME businesses) • Improved performance against contract of suppliers • Risk exposure in terms of security of appropriate supply</td>
<td>Metrics for corporate use</td>
<td>September 2012</td>
<td>Director of SCPP</td>
<td></td>
</tr>
<tr>
<td>Strategy outcomes</td>
<td>Success criteria</td>
<td>Action</td>
<td>Key deliverables/ targets</td>
<td>Date</td>
<td>Responsible</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------------</td>
<td>--------</td>
<td>---------------------------</td>
<td>------</td>
<td>-------------</td>
</tr>
<tr>
<td>Commissioning focused on local need/priorities/outcomes</td>
<td>Commissioning plans reflect local need and show how need will be met</td>
<td>Develop commissioning and category plans which include need and policy analysis</td>
<td>Category plans in place for all service departments</td>
<td>May 2012 (regular review)</td>
<td>Heads of SCPP/Category Managers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Integrate the development of commissioning plans into the corporate planning cycle</td>
<td>Integrated service planning model launched</td>
<td>April 2013</td>
<td>Heads of SCPP/Head of Strategy and Performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cycle of category reviews in place</td>
<td>Updated category plans in place</td>
<td>Ongoing</td>
<td>Heads of SCPP/Category Managers</td>
</tr>
<tr>
<td>Focus on outcomes evident throughout the commissioning cycle</td>
<td>Build outcomes framework into service specification</td>
<td></td>
<td>Outcomes are built into service specifications. Monitored by Contracts and Commissioning Board (CCB)</td>
<td>June 2012</td>
<td>Head of Commissioning &amp; Procurement</td>
</tr>
<tr>
<td></td>
<td>Develop Contract performance management toolkit</td>
<td>Toolkit published</td>
<td></td>
<td>July 2012</td>
<td>Corporate Contracts Manager</td>
</tr>
<tr>
<td></td>
<td>Develop proposal for evaluating and measuring social capital in the commissioning process</td>
<td>Proposal agreed by the Corporate Management Team (CMT)</td>
<td></td>
<td>June 2012</td>
<td>Director SCPP</td>
</tr>
<tr>
<td></td>
<td>Refresh Council’s terms and conditions to included performance criteria focused on local investment</td>
<td>New terms and conditions published</td>
<td></td>
<td>June 2012</td>
<td>Head of Corporate Law/Head of Commissioning and Procurement</td>
</tr>
<tr>
<td></td>
<td>Develop and launch social capital toolkit</td>
<td>Toolkit launched</td>
<td></td>
<td>June 2012</td>
<td>Commissioning Support Manager</td>
</tr>
<tr>
<td></td>
<td>Develop and launch ‘How to involve children and young people in commissioning’ toolkit</td>
<td>Toolkit launched</td>
<td></td>
<td>November 2012</td>
<td>Head of SCPP for CFL</td>
</tr>
<tr>
<td>Strategy outcomes</td>
<td>Success criteria</td>
<td>Action</td>
<td>Key deliverables/ targets</td>
<td>Date</td>
<td>Responsible</td>
</tr>
<tr>
<td>-------------------</td>
<td>------------------</td>
<td>--------</td>
<td>---------------------------</td>
<td>------------</td>
<td>------------------------</td>
</tr>
<tr>
<td></td>
<td>Decommissioning</td>
<td>Develop decommissioning guidance</td>
<td>Draft guidance produced</td>
<td>March 2012</td>
<td>Commissioning Support Manager</td>
</tr>
<tr>
<td></td>
<td>embedded in the</td>
<td>Guidance piloted</td>
<td>April 2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>commissioning cycle</td>
<td>Final guidance published</td>
<td>May 2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>A mixed economy of service providers</td>
<td>Barriers to third sector market entry identified and minimised</td>
<td>Establish Commissioning Task &amp; Finish group to ensure third sector have opportunity to shape development of commissioning strategy</td>
<td>June 2012</td>
<td>Director SCPP</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hold workshop with third sector to identify barriers and explore actions to reduce these</td>
<td>Learning from workshop captured and fed into development of action plan</td>
<td>December 2011</td>
<td>Commissioning Support Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agree outcomes, develop action plan and agree with third sector e.g. Review tender processes to ensure not prohibitive or biased against smaller organisations; Hold workshop to ensure common understanding of Council tender processes; Work with suppliers to build consortia where appropriate</td>
<td>Action plan agreed and published</td>
<td>May 2012</td>
<td>Commissioning Support Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Implement action plan</td>
<td>April 2012 and ongoing</td>
<td></td>
<td>Commissioning Support Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Track progress on achieving outcomes</td>
<td>Regular progress report</td>
<td>Ongoing</td>
<td>Commissioning Support Manager</td>
</tr>
</tbody>
</table>
## Commissioning Strategy

Meeting local needs and delivering value for money

<table>
<thead>
<tr>
<th>Strategy outcomes</th>
<th>Success criteria</th>
<th>Action</th>
<th>Key deliverables/targets</th>
<th>Date</th>
<th>Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>A mixed economy of service providers</td>
<td>Third sector supply side developed through capacity building and support</td>
<td>Work with Croydon Voluntary Action (CVA) to develop refreshed training and awareness raising programme</td>
<td>Training programme published</td>
<td>September 2012</td>
<td>Commissioning Support Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hold portal training sessions preceding any significant commissioning opportunities</td>
<td>Training sessions offered and third sector report they had access to sufficient training/support</td>
<td>On-going from March 2012</td>
<td>Procurement Development &amp; Governance Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Launch 6-monthly survey of third sector to gauge whether their needs are being met</td>
<td>Survey in place and third sector report they had access to sufficient training/support</td>
<td>April 2012</td>
<td>Commissioning Support Manager</td>
</tr>
<tr>
<td>Local providers involved in market development</td>
<td></td>
<td>Host Croydon BID event exploring opportunities for further market development</td>
<td>Event held and actions captured</td>
<td>July 2012</td>
<td>Head of Commissioning &amp; Procurement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Support ‘Built to Compete’ project and events</td>
<td></td>
<td></td>
<td>Commissioning Support Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Develop regular programme of ‘meet the buyer events’</td>
<td></td>
<td></td>
<td>Procurement Development &amp; Governance Manager</td>
</tr>
<tr>
<td>Service reviews explore alternative delivery model</td>
<td></td>
<td>Commissioning plans to include review of alternative delivery models and options appraisal evidencing that chosen model best meets local needs and ensures VfM</td>
<td>Included in departmental commissioning and category plans</td>
<td>Ongoing</td>
<td>Heads of SCPP/Head of Commissioning &amp; Procurement</td>
</tr>
<tr>
<td>Strategy outcomes</td>
<td>Success criteria</td>
<td>Action</td>
<td>Key deliverables/ targets</td>
<td>Date</td>
<td>Responsible</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------------</td>
<td>--------</td>
<td>---------------------------</td>
<td>------</td>
<td>-------------</td>
</tr>
<tr>
<td>Strategic partnerships</td>
<td>Integrated commissioning approach with NHS</td>
<td>Strategy to be developed with emerging Clinical Commissioning Group, including approach to Public Health commissioning</td>
<td>Support CCG authorisation process</td>
<td>June 2012</td>
<td>Director of Commissioning DASHH</td>
</tr>
<tr>
<td></td>
<td>Diverse and innovative partnership/ co-production arrangements in place</td>
<td>To be developed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greater efficiencies and value for money achieved on a sustainable basis</td>
<td>Spend and market analysis carried out as part of category review process</td>
<td>Shared understanding of current spend and opportunities for efficiencies developed, development of savings plans based on efficiency opportunities identified</td>
<td>Organisational wide spend analysis is captured</td>
<td>May 2012</td>
<td>Category Managers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Savings plans in place and published internally</td>
<td>Ongoing</td>
<td>Heads of SCPP/ Heads of Finance/ Service heads</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Opportunities in the market identified early and reflected in category/ commissioning plans</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement Taskforce savings targets delivered</td>
<td>Identify opportunities, produce strategic sourcing plans and deliver projects to ensure savings are realised</td>
<td>£15m savings included in budget</td>
<td>April 2014</td>
<td>Director, SCPP</td>
<td></td>
</tr>
<tr>
<td>Internal skills and capacity available to deliver Taskforce-style projects</td>
<td>Produce development plan for Commissioning and Procurement Team and Category Managers</td>
<td>Progress against plan</td>
<td>April 2012 April 2013 April 2014</td>
<td>Director, SCPP/ Head of Commissioning &amp; Procurement</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 1

Meeting the standard – a checklist for commissioners

- The proposed service delivery model has been reviewed and challenged during development of the commissioning plans and outcomes
- The proposed commissioning process maximises joint commissioning opportunities and integration with other local partners
- Consultation has taken place on commissioning plans and we have clearly set out the question and been honest about any limiting factors
- Equalities impact assessments have been completed for all commissioning plans
- Commissioning plans are focussed on outcomes and have a timely evidence base
- Plans include service user involvement at appropriate stages
- Commissioning plans show how they contribute to meeting our social, equality and environmental objectives
- Decommissioning processes have been well planned and appropriate resources assigned to manage the process (see Appendix 2)
- The procurement process has been well planned with realistic timescales for delivery and transition
- Procurement opportunities have been advertised in a fair way and procurement outcomes reported
- The commissioner and SCPP are working together to provide clarity about processes
- Contract performance management requirements have been clearly set out in the contract documents
- Contract performance management forms a continuous dialogue
- Commissioning plans take a One Council approach – one commissioning relationship with our providers
- Reaping social capital benefits form an integrated part of the commissioning cycle
Appendix 2

Good practice decommissioning – a checklist for commissioners

☑ Has a lead officer or project manager been identified who has access to support as needed?

☑ Is there a clear project plan for the decommissioning including clear milestones which fit with stakeholder decision making structures, and allow time for effective communication? Is there scope for some flexibility within it?

☑ Is it clear what the legal requirements of the process are, and how they will impact on timescales in particular?

☑ Is there a clear communication plan which includes all stakeholders?

☑ Is there ownership of the project plan both corporately and politically?

☑ Does the project plan allow for an impact assessment including an equality impact assessment and a risk assessment (if not already completed)?

☑ Have all of the key stakeholders been identified and is it clear what their role will be in the process? When and how will they be involved?

☑ Is the process appropriate and proportionate to the size and impact of the services, their complexity or sensitivity?

☑ Is the decommissioning process fair and transparent with equality and impact assessments and engagement plans well-planned?

☑ Has a risk register been agreed and a process is in place to proactively manage the risks?

☑ Are there clear transitional agreements for service users which have been agreed with the provider, and minimise impact on service users? Do these include proposed timescales, ongoing communication arrangements, and an agreed approach to the sharing of information?

☑ Is there an agreed approach to the evaluation of the decommissioning process?

☑ Does this evaluation process include other stakeholders?

☑ Is there a mechanism for sharing any learning from this evaluation process?
Who can I contact for more information?

If you would like further information on this strategy please e-mail: commissioning@croydon.gov.uk
To speak to someone please call 020 8726 6000 and ask for the Commissioning and Procurement Team.