

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

To: Joint Audit and Standards	Report Number: JAC35
From: Head of Corporate Resources	Date of meeting: 1 September 2014

COMMISSIONING ODT

1. Purpose of Report

- 1.1 To inform the Committee about the role of the Commissioning ODT in response to a request from Members.

2. Recommendation

- 2.1 That the information provided with regard to the role of the Commissioning ODT be noted.

The Committee is able to resolve this matter.

3. Financial Implications

- 3.1 There are no financial implications.

4. Risk Management

- 4.1 This report is most closely linked with the key risks are set out below:-

Risk Description	Likelihood	Impact	Mitigation Measures
O5. Inaccurate prediction of liabilities/costs associated with the end of the current CSD contract.	Probability 2	Impact 4	Detailed work was undertaken by the Project Team on a four year basis to support the selection of the service delivery models and budget planning.
O6. Failure to adequately prepare for the ICT delivery options	Probability 2	Impact 3	The safe landing of all of the CSD services was a key element within the CSD Exit programme.
O14. Failure to adequately prepare for the HR, Finance and Public Access provision, post CSD contract.	Probability 2	Impact 4	

Risk Description	Likelihood	Impact	Mitigation Measures
SIT7. Failure to implement a single finance service and system across the 2 Authorities resulting in poor budgetary control and ineffective reporting.	Probability 2	Impact 3	A single finance and purchase to pay system has been commissioned and implemented. Systems Administration support has been implemented, this role and the ongoing development of the system is managed by the Commissioning Corporate Manager.

5. Consultations

5.1 None.

6. Equality Analysis

6.1 Where relevant guidance provided by and activity undertaken by the Commissioning ODT accounts for relevant Equality Legislation and the Councils' policies.

7. Shared Service / Partnership Implications

7.1 Exploring opportunities to work on a collaborative basis with other Local Authorities is included within the role of the Commissioning ODT.

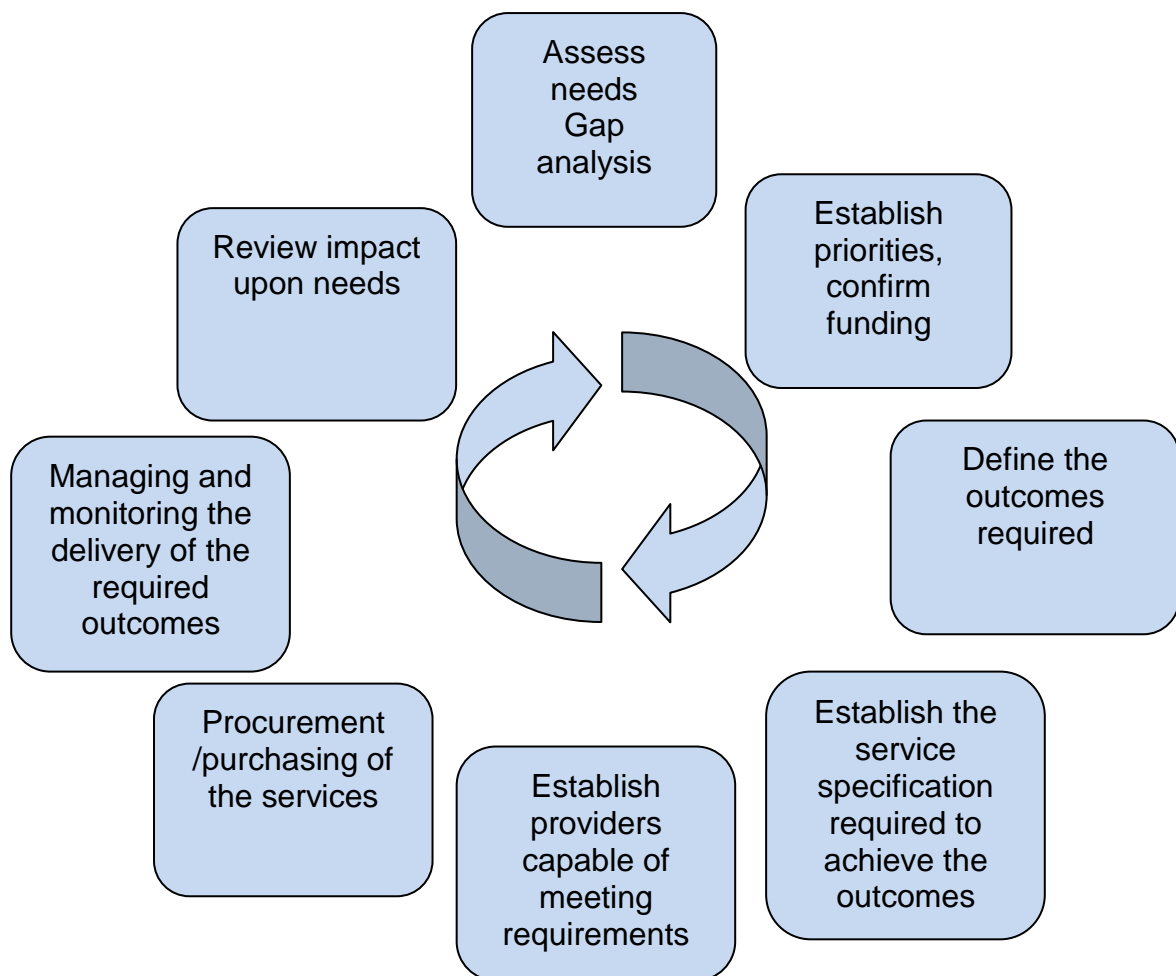
8. Key Information

8.1 What is Commissioning?

8.1.1 Commissioning is the process by which we ensure that the outcomes that Babergh and Mid Suffolk intend to achieve are provided using the model of service delivery, which most effectively meets the needs that have been identified, enables the achievement of the Councils' strategic priorities and delivers value for money.

8.1.2 The key activities involved in commissioning are illustrated in Diagram 1. The complexity of the commissioning process will vary according to the type of needs and the outcomes required; each stage of the process is dependent upon the others.

Diagram 1 – Stages of Commissioning



8.1.3 Stages of the Commissioning Process

Stage 1 Assess needs and gap analysis – establishing the needs to be met.

Stage 2 Establish priorities and confirm funding – needs should only be met if they contribute towards the achievement of the Strategic Priorities.

Stage 3 Define outcomes required – involves defining the outcomes that are required to be achieved in order for the needs to be met.

Stage 4 Design the service specification – this should involve potential providers and users of the service and defines the service delivery model.

Stage 5 Establish providers capable of meeting the requirements – involves soft market testing with potential providers, may require the establishment of new providers.

Stage 6 Procurement/purchasing of the services – involves the acquisition of the goods and services.

Stage 7 Managing and monitoring the delivery of required outcomes – reviewing to see if outcomes have been achieved.

Stage 8 Review impact upon needs – reviewing the impact of the service delivery upon the needs.

8.2 Role of the Commissioning ODT

8.2.1 The Commissioning ODT is part of the Corporate Directorate and works on behalf of both Babergh and Mid Suffolk. The following extract from the consultation documents for Tier 4 describes the role of the teams in this Directorate.

“The corporate organisation and corporate resources teams should operate as a corporate resource supporting delivery across both organisations as well as providing some core corporate functions. The highly specialist areas should operate almost like an internal professional consultancy – their job will be to build capacity and confidence across the organisation so that reliance and dependence on those central services is minimised.”

8.2.2 In the Tier 4 consultation documents the role of the Commissioning ODT was described as:-

“To ensure that there is a range of service provision models and suppliers available to the councils that enables the achievement of the strategic priorities and to support transformation.”

The core functions indicated for the ODT were:-

- “Development of strategic direction for commissioning
- Assessment of need to meet outcomes across services
- Market development
- Alternative delivery models
- CSD contract management (client role)
- Procurement and contracting – compliance
- E-procurement administration
- Data analysis”

8.3 Outcomes and Responsibilities of the Commissioning ODT

8.3.1 The Councils operate a devolved approach to Commissioning (which includes procurement) and the role of the Commissioning ODT is that of an enabler providing a framework of support, systems, processes, education, guidance and professional advice to enable the Service Areas to commission (including procurement activity) effectively.

8.3.2 The Commissioning ODT has the responsibility to achieve the following outcomes:-

- Enable capability in the Councils to commission services for outcomes which support the delivery of the Councils’ strategic priorities.
- An effective purchase to pay operation which enables efficient working of the Councils’ integrated operations.
- Effective management of supply arrangements.

To achieve these outcomes the Commissioning ODT has a wide range of roles to undertake and several key projects to complete in 2014/15; these are described in Table 1.

Table 1 Commissioning ODT – Outcomes, Key Responsibilities and Projects for 2014/15

Outcomes	Key Responsibilities	Development Projects for 2014/15
<p>Enable capability in the Councils to commission services for outcomes which support the delivery of the Councils' strategic priorities.</p>	<ul style="list-style-type: none"> • Maintain the joint commissioning and procurement policies and strategies. • Work with service areas to ensure that effective strategic contracts, supplier relationship management and business continuity arrangements are in place. • Work with service areas to embed good practice in commissioning. • Work with the service areas on a regular basis to establish commissioning requirements on a 2 to 5 years basis and establish suitable service delivery models. • Develop the competence of commissioning and commercial skills within the Councils. 	<ul style="list-style-type: none"> • We will establish effective commissioning policies and strategies which adopt a common approach between Babergh and Mid Suffolk and effectively support delivery of the Councils' strategic priorities. • We will develop and operate a suitable governance framework across both Councils to enable commissioning for outcomes to become embedded. • We will undertake an ongoing program of education and guidance to improve the commissioning and commercial skills of the Councils' officers.
<p>Effective management of supply arrangements.</p>	<ul style="list-style-type: none"> • Undertake regular category reviews with service areas to establish requirements. • Maintain suitable supply arrangements for categories of regularly used goods and services, manage the contracts and supplier relationships as required. • Implement effective ordering and payment arrangements for the standard goods and services. • Maintain links with the Suffolk Local Authorities to enable collaborative opportunities to be explored. • Provide support to Service Areas as required for requisitioning using Purchase Orders and Cards as required. • Undertake sourcing for requirements as required. 	<ul style="list-style-type: none"> • We will establish a common approach to Contract Standing Orders in conjunction with a joint Babergh and Mid Suffolk Procurement Manual. This will use the best from both Councils, providing effective guidance which delivers statutory compliance and also enables a flexible approach to support business requirements. • We will replace the Councils' manual processes with electronic tendering and contract management using Suffolk Sourcing, the portal for Suffolk Local Authorities.

Outcomes	Key Responsibilities	Development Projects for 2014/15
	<ul style="list-style-type: none"> • Manage the operation of purchase cards. • Maintain Councils' contract register and manage the reminder programme. • Operation of the Quote/Tender Register and Exemption Registers. • In conjunction with ODTs produce specification of requirements, quotes, Pre-Qualification Questionnaire and tender documents as required. • Manage the prequalification, tender, evaluation and contract award process using the Suffolk Sourcing eTendering system. Support manual processes until removed. • Maintain standard contract/purchase terms and conditions for the Councils. • Provide professional advice and guidance and maintain good practice guidance and procedures for the Councils' commissioning and procurement activities. • Ensure the data and documents required to meet the Transparency Requirements are published on the web site. 	<p>We will ensure that effective supply routes are in place for regularly used goods and services and that these make the most of the local economy and collaborative opportunities within the Suffolk Local Authorities.</p>
<p>An effective purchase to pay operation which enables efficient working of the Councils' integrated operations.</p>	<ul style="list-style-type: none"> • For the integrated finance and purchase to pay (P2P) system:- <ul style="list-style-type: none"> ○ Manage the contract and relationship with Capita IBS ○ Provide professional lead for the operation of System Administration ○ Manage the development of P2P functionality ○ Maintain user guides for purchase orders, approvals of purchase orders and Non PO Invoices and receipting. 	<ul style="list-style-type: none"> • We will implement a single Purchase to Pay system to enable joint purchasing and payment processes to operate. <p>We will implement electronic invoicing and a supplier portal across the Council's supplier base enabling a reduction in costs of acquiring and paying for goods and services.</p>

Outcomes	Key Responsibilities	Development Projects for 2014/15
	<ul style="list-style-type: none"> • Provide support to Requisitioners and Approvers as required to ensure effective use of P2P. • Manage Requisitioners User Group. • Manage P2P reference data - locations, requisition points and categories. • Monitor the operation of P2P through regular reports and alerts, taking corrective action where required. • Provide support to Suppliers as required to ensure effective use of the Supplier Portal and eInvoicing. 	

8.4 Commissioning ODT Activity

8.4.1 The staff that transferred to the ODT through the Tier 5 restructuring needed to continue to undertake a range of duties from their previous posts until August 2014 when these could be transferred to the other ODT's, therefore some of the roles outlined in Table 1 will be implemented from August 2014.

8.4.2 During its first year the Commissioning ODT has had two significant projects which have absorbed much of the resources of the team, these were:

8.4.3 Exit from the CSD Contract

In conjunction with overall client side management of the CSD contract for Babergh and Mid Suffolk, the Corporate Manager directed and managed the exit from the CSD contract for the provision of ICT, Finance, Public Access (Customer Services) and HR and Payroll services. This significant project involved:

- Directing and managing the overall Babergh and Mid Suffolk exit programme including the project team and board.
- Working closely with Suffolk County Council and potential providers to explore a range of service delivery options to replace the provision of services by CSD.
- Leading the review and selection of service delivery options for Babergh/Mid Suffolk and then undertaking the procurement and contract award for the HR and payroll system, payroll service, the integrated finance and purchase to pay system and development of the partnership agreement with Suffolk County Council for the provision of the ICT service.
- Working closely with CSD, Suffolk County Council and service leads from Babergh/Mid Suffolk to ensure an effective transfer of responsibilities and safe landing of all services, including contract and asset novation.
- Savings of £1m (annual) against the previous baseline for the services were achieved.

8.4.4 Implementation of the Integrated Finance and Purchase to Pay System (P2P)

This programme was a significant activity which absorbed the majority of the team's resources during the first quarter in 2014 and into April.

- Working closely with the Corporate Manager for Financial Services led the program to implement the new Finance and P2P system.
- Implemented the Purchase to Pay and Payments functionality for the new Finance and P2P system including developing the design principles to enable integrated working between the Councils and migration and merger of reference data
- Developing and providing training sessions for over 150 staff.

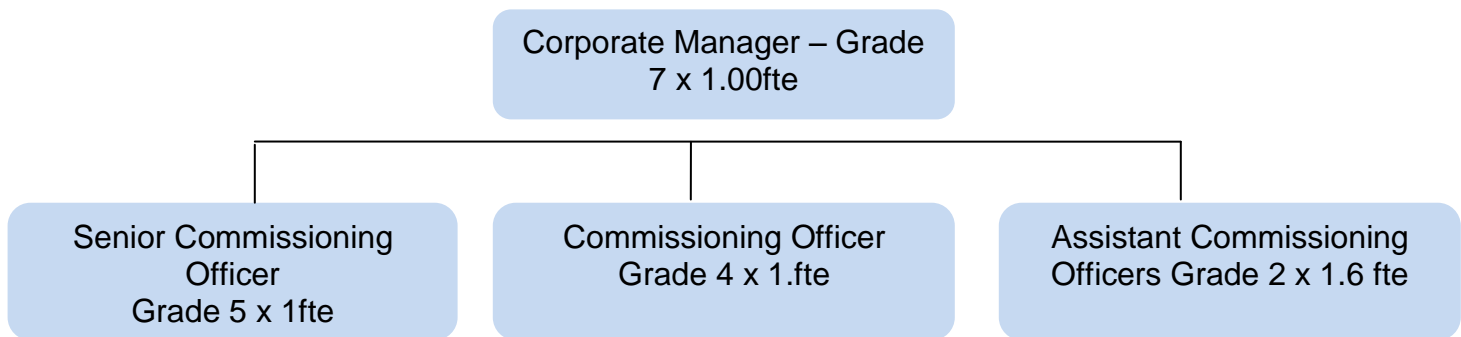
A number of procurements have also been undertaken with service areas, examples include:-

- Led the procurement for the Suffolk wide materials recycling contract working in conjunction with Waste Service colleagues from across the Suffolk Local Authorities.

- Consultancy support for planning viability, communications training, the accommodation review
- Appointment of a strategic housing development agent, tenants survey, out of hours service, Asbestos Surveys
- Insurance, banking and cash collection service
- Work has also commenced on putting into place standard supply routes for supplies/services that are regularly used by the Councils such as stationery (for which we have just commenced a 6 month pilot with a Babergh supplier for both Councils' requirements) and multifunctional devices (printers, copiers and scanners).

8.5 Structure of the Commissioning ODT

The Commissioning ODT was established as part of the Babergh and Mid Suffolk integrated service delivery structure. The ODT includes one Corporate Manager (1 fte) and 3.6 fte other team members, as illustrated in the diagram below.



The 2014/15 budget cost for the ODT is £130k; this includes a small non pay budget for travel, professional fees, and professional educational, and software licences. This cost is split equally between Babergh and Mid Suffolk and the HRA and the General Fund.

8.6 Savings

8.6.1 Types of Savings

The following types of savings can be recognised:-

- **Cashable savings** are a reduction in actual cost compared to the budget in the current year.
- **Budget savings** are achieved when the amount of budget for the product or service in future years will be less than previously required.
- **Process savings** are brought about by improving existing processes and reducing the amount of staff time and materials required to undertake the process. Process savings are cashable if the staff time and materials that are no longer required are removed within the current financial year. When staff time that has been released through process improvement is re-deployed this is not a saving, but may be described as a benefit.

8.6.2 Savings Strategies

The following strategies can be applied through the commissioning process to achieve savings.

- Do not use the services or supplies (demand management)
- Reduce the quantity used (demand management)
- Use a lower level/quality of service/supplies
- Lower unit price for the equivalent service or supplies is achieved
- Improve the processes used which could include a different approach to achieving the outcome required.

To measure savings a baseline of the current costs is required, the requirement must be ongoing and the specification of requirements similar.

8.6.3 The Commissioning framework and good practice guidance (please refer to Table 1) will provide guidance and tools to enable a consistent approach to be achieved to the measurement and recording of savings and benefits.

9. Appendices

None.

10. Background Documents

None.

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