

Report of: Chief Procurement Officer

Meeting: Scrutiny Board (Central and Corporate Functions)

Date: 1st December 2008

Subject: Inquiry into Procurement, Outsourcing and Commissioning Services - Session 2

1.00 PURPOSE OF THIS REPORT

1.01 The purpose of this report is:

- a) To outline the next steps in developing the 'One-Council Approach to Commissioning' which was presented at the first session of this inquiry.
- b) To provide details of the planned and ongoing work in the areas of concern identified by Board Members at the previous meeting.
- c) To highlight suggested improvement areas that Board Members may wish to consider when formulating their recommendations resulting from this inquiry.

2.00 BACKGROUND INFORMATION

2.01 'One-Council Approach to Commissioning' Framework

2.02 At its meeting on 6th October 2008, the Board was presented with the Council's proposed framework for developing a 'one-council approach to commissioning'.

2.03 From the discussion at the meeting it became clear that Members were supportive of the concept but wanted more information on the time scales involved and the approach needed to make the framework a reality.

2.04 Areas of Concern and Suggested Areas for Improvement

2.05 All of the issues discussed at the first session of this inquiry relate to areas of commissioning that feature in the proposed one-council commissioning framework. Therefore, the framework provides a basis for prioritising improvement work, reviewing progress, and monitoring improvement resulting from this inquiry.

2.06 Areas of particular concern arising out of the discussion held at the last meeting related primarily to contract management arrangements and associated issues. The Chief Procurement Officer acknowledged these concerns and outlined some of the improvement work already happening in this area. Members expressed an interest in learning more about this work, and further information is included in this report.

3.00 MAIN ISSUES

3.01 'One-Council Approach to Commissioning' Framework

- 3.02 The one-council approach to commission was discussed initially by the Council's Corporate Leadership Team (CLT) at its meeting on 19th February 2008 and again at a CLT workshop event on 4th March 2008.
- 3.03 CLT recognised that a one-council approach to commissioning was important and agreed that the framework be developed through a series of workshops. Those workshops would include officers from across the council to take account of directorate needs from both a cross-cutting, and an aligned services perspective.
- 3.04 The workshops took place throughout the summer 2008 and the results were reported to the One-Council Steering Group on 10th November 2008.
- 3.05 Overall, workshop participants reported that a commissioning framework would be welcomed; that generally there is a need for corporate support on commissioning; and that a framework would assist in the decision-making process on prioritisation.
- 3.06 The main benefits of a framework were noted as: a clear methodology for approaching the commissioning cycle; clear guidance on the decision-making process; additional corporate support on commissioning; and an opportunity to share good practice in a more structured way.
- 3.07 Workshop participants made suggestions for improvement of the framework and in particular noted:
- a) the need to incorporate political input into commissioning decisions;
 - b) the need for consistent terminology;
 - c) the need to clearly outline values, and to define and measure outcomes;
 - d) the need for a clear central lead on decommissioning as well as commissioning;
 - e) the need for emphasis on training support, contract management skills, and quality assurance on contract arrangements
 - f) the need to incorporate challenge, change and innovation into current processes.
 - g) the need for market development, particularly where there is no market;
 - h) the need for understanding the framework's application on joint commissioning arrangements across two or more organisations.
- 3.08 The Framework was also considered in the light of other commissioning models, including the World Class Commissioning (WCC) competencies currently being promoted by the Department of Health, and was found to incorporate the themes of these models. The Framework has also been considered in light of the proposed

Corporate Area Assessment requirements and has been amended to incorporate those requirements.

- 3.09 In terms of 'next steps' for the framework, it is proposed that a report be prepared for CLT which updates them on the results of the workshop consultation and outlines detailed proposals for implementing the framework.
- 3.10 Further work needs to be done to develop those proposals, but the current thinking is to try to embed the framework within existing arrangements. So for example:
- a) which bits of the framework could be delivered, improved or regulated through existing boards, groups and networks. Could Scrutiny Boards have a role here?
 - b) which bits of the framework could be incorporated into Financial and Contracts Procedure Rules.
 - c) how could the framework feature in workforce planning (particularly training plans); decision making processes; service planning arrangements, staff appraisals; senior officer accountabilities, the Council's project management methodology - 'delivering successful change' etc.
- 3.11 The framework needs to have robust governance arrangements in place to ensure that best practice is followed and services improve as a result. However, the framework also needs to provide support for Directorates in terms of guidance, sign-posting to areas of expertise, case studies, toolkits, etc.
- 3.12 The report to CLT is planned for early 2009 with a view to implementing parts of the new framework in April 2009.

3.13 Contract Management

- 3.14 As stated at paragraph 2.06, the Council's approach and effectiveness in the area of contract management featured strongly in the discussions at the previous meeting.
- 3.15 It would be fair to say that contract management is an area for improvement generally across the public sector – not just here at Leeds. Across public procurement networks the issue has become known as the 'let and forget' concept. This refers to the fact that considerable effort goes into procuring or commissioning a service up to the point where the contract is let. But then, relatively little effort goes into managing the contract arrangement throughout the contract period. Common reasons for this include:
- a) different resources being used at the procurement stage and the contract management stage with no continuity between the stages;
 - b) not enough resource being allocated to contract management duties;
 - c) available resources not being targeted to best effect;
 - d) resources not having the correct skills and competences, or being unaware of the requirements of the service specification/contract.

- 3.16 Where a contract is poorly managed, as well as increasing the chances of poor service delivery and increased costs during the life of the contract, the opportunity to redesign and improve the next contract by building on the lessons learned from closely monitoring the current contract, is lost.
- 3.17 The approach currently being taken to improve contract management is threefold:
- a) At a general level – through training and development on generic contract management skills
 - i) We are currently piloting a ‘certificate of competency’ approach to procurement with 25 council officers which involves those officers being trained in three areas – specification writing (was completed in Oct 2008), Tender Evaluation Skills (Jan 2009) and Contract Management skills (Jan 2009). Although the three areas are required to obtain the ‘certificate of competency’. The training is modular so that training needs can be matched with areas of responsibilities. A range of additional training modules are being developed.
 - ii) A Skills Framework has been developed which helps officer identify the relevant competencies they should have in relation to their role in the commissioning cycle. Training will be made available to support the development of those competencies.
 - iii) A module entitled ‘The Basics of Contract Management’ is being planned to supplement the detailed module referred to above. It is proposed that this will be available as an e-learning module using the ‘Learn with Leeds’ platform.
 - b) At a project by project level - incorporating contract management in the pre-contract procurement phase of a project. This could involve:
 - i) developing a contract management plan for complex or high risk service services in tandem with the specification. This plan could identify the level of resource to be assigned to contract management, any training requirements, contract priority areas, approach to be adopted, etc.
 - ii) greater involvement of contract managers (all contract managers not just the designated ‘supervising officer’) during the procurement process
 - iii) Basic guidance and training made available to council officers that ‘operate’ services which will be highly customised towards that specific area – e.g. particularly important provision of the contract, quality expectations, payment provisions, etc.
 - c) At a regional level – taking a collaborative approach to addressing capacity and capability problems around contract management
 - i) Leeds is leading on the ‘Smarter Procurement’ work stream of the Yorkshire and Humber’s Regional Improvement and Efficiency Plan (RIEP). The region’s Councils are currently working on a ‘Regional Blue Print for Smarter Procurement’ which identifies a number of projects in the following priority areas:

- To building capacity and capability
 - To collaborating effectively
 - To improve efficiency
 - To be socially responsible
 - To engage effectively
- ii) Leeds has also been identified as the national lead on smarter procurement across all 9 RIEP regions.
- iii) One of the projects being developed as part of the RIEP is a joint 'virtual training academy' approach for building skills and capabilities on commissioning and procurement. The regions councils will train their officers and members together allowing them to share costs and achieve economies of scale. Other benefits are anticipated, such as networking. This could lead to sharing best practice or could facilitate future collaboration and joint working. The regions councils have already identified 'contact management' as one of the priority areas should they be successful in securing RIEP funding.

4.00 CONCLUSIONS

- 4.01 Clearly, there is a lot work already being undertaken which complements this scrutiny inquiry. Reassuringly the issues emerging from this inquiry are very similar to those identified by the officers that took part in the 'one-council commissioning framework' workshops. This suggests that the council, as a whole, has a shared understanding of the areas where improvement is required.
- 4.02 The commitment to developing a 'one-council framework for commissioning' provides a vehicle to ensure that outcomes of this scrutiny inquiry are embedded into all procurement and commissioning processes. And, regional working may provide additional resources in shared priority areas (e.g. through RIEP funding).

5.00 RECOMMENDATIONS

- 5.01 Members of the Scrutiny Board are asked to:
- a) Note and discuss the content of this report with a view to identifying further information required for this, and future stages, of their investigation.