
**Manchester City Council
Report for Information**

Report to: Finance Scrutiny Committee – 9 January 2014

Subject: Update on Progress in Developing the Commissioning Hub

Report of: Mike Livingstone, Strategic Director for Children’s and Commissioning Services, Manchester City Council

Summary

The paper responds to the request from Finance Scrutiny in July 2013 to provide the Committee with more details on:

- The development of the commissioning hub;
- the commissioning process;
- governance arrangements;
- the links with ward co-ordination; and
- to also include an overview of the commissioning of supporting people.

Recommendations

Members are asked to:

- Note and comment on the contents of the report
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Wards Affected:

All wards

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

1. Introduction

- 1.1 This paper provides an update on the development of the integrated commissioning hub within the Council. It details the work undertaken since the establishment of the Hub in July 2013 in building the foundations for effective integrated commissioning. It details progress to date in delivering efficiencies, driving public service reform and effective commissioning at a City wide and local level. It then describes the priorities for developing our approach to commissioning in Manchester, alongside our partners, over the next three years. It highlights that whilst good progress has been made, there is more work to do to improve the consistency, visibility and engagement of stakeholders in the commissioning process.
- 1.2 This paper should be read in conjunction with the attached Commissioning of Voluntary and Community Sector Organisations Paper, which describes progress in developing the Council's commissioning approach with the voluntary, community and faith sectors in the City.

2. Background and Context

- 2.1 The integrated commissioning hub was established in July 2013. The integrated commissioning hub brings together for the first time commissioning across the Council into one place, designed to drive the quality, innovation and impact of commissioning within the Council and with partners and commissioners in the City.
- 2.2 The Commissioning Hub is comprised of 15 members of staff. The Hub drives the transformation in the commissioning of services to support public service reform. Principle aims of the Hub are to reduce demand across systems, embed the vision and principles into practice and to promote work and skills across the scale of activity. The Hub is responsible for looking across traditional public sector responsibilities and geographical boundaries to develop an understanding of the regulatory and funding frameworks which govern existing service delivery and suppliers in the market. The Hub produces practical recommendations to enable the implementation of new system wide services with public sector partners and other local authorities (AGMA and Core Cities). Officers work with the Policy, Research & Intelligence (PRI) function to develop the evidence base of what works and will also be responsible for the evaluation of commissioning exercises. The Commissioning Hub also has key links to Procurement, Legal, and Finance functions to support commissioning activity.
- 2.3 *What do we mean by 'commissioning' and 'integrated commissioning'?*
- 2.4 At a high level commissioning is the process of ensuring that the Council's services are provided effectively and that they meet the needs of Manchester's population. It is an ongoing process which applies to all services. Responsibilities within commissioning ranging from assessing local population needs and assets; defining and prioritising outcomes; procuring services to achieve those outcomes (either directly delivered by the Council or

by a third party); and monitoring and evaluating delivery to determine if the service is successful in meeting the outcomes required.

2.5 However, rather than commissioning in isolation, Manchester's approach to commissioning is based on integration with other commissioners in the City to achieve shared outcomes – recognising the often artificial divides between commissioners and the needs of Manchester's residents. Examples include the Council's work with health commissioners in the City to drive the integrated care programme 'Living Longer Living Better'.

2.6 At a practical level, the integrated commissioning function is focused on:

- Supporting the strategic role of the Council in promoting economic growth which requires strong links with capacity across GM
- Targeted interventions for individuals and families with the most complex needs at a neighbourhood level
- Deeper integration of targeted services with universal provision at a neighbourhood level, where some of the hard and soft intelligence about individuals and families that need an intensive integrated approach
- To reduce the cost of services and the cost of doing business, i.e. better outcomes at lower cost. Drive down the cost of services and the costs of managing and administering those services, to deliver a balanced budget and target available resources at those most in need.
- To drive changes in customer behaviour. To reduce demand on services we need to change the way in which customers already accessing targeted and specialist services behave, so that they become more independent and less reliant on Council services.
- To implement different ways of working to drive changes in staff behaviour, so that managers and staff focus on building independence; closer integration
- Aligning and shaping markets across public services in the City, working collaboratively with other commissioners and investors
- Developing a robust evidence base on costs and benefits to inform future decisions on commissioning and decommissioning

3. Building the Foundations for Integrated Commissioning

3.1 Good progress has been made in the first five months of the new integrated commissioning structure in putting the foundations in place for an effective commissioning function. Highlights of progress to date include:

- Increasing the visibility of commissioning activity – a consolidated pipeline of commissioning activity is now available which brings together for the first time commissioning activity across the Council. It details over 150 of separate areas of commissioning activity underway in the Council.
- Robust programme management of contracted savings – the programme management function within the Hub is monitoring the delivery of agreed savings against 2013-15 £18m target efficiency savings, ensuring there are no surprises and identifying any risk areas.

- Training to improve the project management capability of commissioners has been undertaken, to enable commissioners to effectively lead larger scale, more complex commissioning programmes.
- The process for Right to Challenge has been established – enabling local organisations to challenge the Council as part of its commissioning approach
- The IT specification and requirements for a transformational approach to contract and performance management have been developed, with a business case now in development.
- A commissioning library has been developed to hold commissioning information such as model specifications, and variations
- Working with colleagues in Performance, Research and Intelligence to develop evaluation frameworks for new services (e.g. advice services)
- Already good links with Corporate Procurement have been enhanced to support procurement activity for complex commissioning activity in partnership with the Clinical Commissioning Groups e.g. the recommissioning of mental health services (currently out to consultation).
- Commissioners are working with regeneration colleagues to develop locality commissioning plans (see section 7)
- Joint commissioning activity is being undertaken with the Clinical Commissioning Groups in terms of Living Longer Living Better

Strengthening commissioning governance

- 3.2 A Strategy and Commissioning Board has been established to strengthen commissioning governance within the Council. The Board is chaired by the Strategic Director for Children’s and Commissioning Services and includes senior officers from Growth and Neighbourhoods; Procurement; Finance and Performance, as well as other strategic commissioners in the City. The Board oversees the development of commissioning proposals in the Council; and reviews progress against key commissioning priorities. This new governance approach improves probity and transparency of commissioning within the Council and with key partners such as CCGs.
- 3.3 It is important to state that whilst the Council’s procurement team is working very closely with commissioning teams, Procurement is a separate and distinct function, reporting to the City Treasurer. This approach ensures that when a project or services moves to the procurement phase, there is absolute probity in terms of the process; the Council’s procurement rules are followed; and the existing procurement processes in terms of evaluation, decision making and announcements are adhered to.

Improving the consistency of commissioning across the Council

- 3.4 A forward plan has been developed which highlights actions to further improve commissioning in Manchester, particularly the consistency of commissioning across the Council and stakeholder engagement throughout the commissioning cycle. The actions include:

- a) A programme of staff, stakeholder and councillor engagement on the commissioning process in partnership with Macc.
- b) Development of a strategy for the VCS (please see attached VCS commissioning paper), which more clearly articulates priorities and ways of working between the Council and the sector, developed with the sector.
- c) Improving the intelligence available to make commissioning decisions. This includes using new resources within the Council such as the Acorn profiling data and iBase, as well as the implementation of the SAP contract management module so that we have consistent contract and quality information on all suppliers.
- d) Improving the quality assurance processes for specifications and business cases across the Council, working together with legal and procurement teams.
- e) Develop a practical commissioning toolkit that develops the traditional Analyse, Plan, Do, Review cycle into a Manchester approach to commissioning, to ensure that we embed innovation and reform at each stage of the commissioning process.
- f) Development of locality commissioning plans to ensure local neighbourhood priorities are central to commissioning intentions (see section 7 below).
- g) Build on the workforce development plan which includes two key strands, firstly technical knowledge and secondly behavioural characteristics. On the technical side this to include for example:
 - outcome-based commissioning
 - whole-systems thinking, bringing all facets of public services together to tackle issues
 - market engagement and development, including VCS engagement
 - alternative funding models, such as social impact bonds
 - joint commissioning across organisational boundaries
 - new models of delivery - such as mutuals

4. Embedding Work and Skills across Commissioning and Procurement

4.1 The Council is committed to promoting economic growth, creating job opportunities and improving the skills base of Manchester's residents by leveraging every opportunity available through its existing commissioned services and future procurement activity. The integrated commissioning hub, together with Procurement and Regeneration teams, have undertaken the following initial measures to embed work and skills:

- Joint training workshops (together with regeneration and procurement) have been undertaken for all staff within integrated commissioning around embedding employment, skills and business support as well as broader consideration of the Social Value Act.
- Wording has been produced for inclusion in commissioning documentation around the need for tendering organisations to help the Council support more Manchester residents into sustained work. This includes the Council's wish to see local employment / economic benefit in the recruitment of staff for services, as well as the support available provided by the Council such as the Employer Suite and the Work Programme Leavers service.
- Wording regarding our obligations under the Social Value Act has been produced for inclusion within the standard OJEU notice. It has also been included within the pre-tender pro-forma used by Corporate Procurement as a checklist when supporting commissioners through the tendering and award process. Article 70 of the Social Value Act and relevant EU articles within the new EU Public Procurement Directive will be considered throughout the process.
- Training has been undertaken for Corporate Procurement staff to ensure that both they and commissioning hub staff are fully briefed on how to embed work, skills and business support within future commissioning. The commissioning hub will work with procurement and regeneration teams to identify proportionate means of measuring outcomes in terms of local employment and economic activity from commissioned services.

5. Progress in Delivering Efficiency Savings

5.1 Outlined below is an overview of key activities that have been led by integrated commissioning to deliver efficiencies, ensuring maximum value for every pound spent, securing the best commercial deals for the Council and Manchester's residents and ensuring that we secure better outcomes at lower cost. This is by no means an exhaustive list but seeks to illustrate via a number of case studies key areas of progress across different thematic areas.

Supporting People Case Study: A consultative approach with providers to identify and deliver savings and service improvements

- 5.2 Supporting People Savings Budget reduction proposals for achieving the necessary £3.4m reduction were agreed at the June 2013 Executive. These proposals include the following programme cost reduction measures:
- Remodel services, including greater use of intensive housing management model;
 - Targeted decommissioning;
 - Removal of subsidy from community alarms;
 - Introducing a cap on the maximum amount of subsidy per unit the Council will pay towards sheltered housing.
- 5.3 Through consultation with providers the £3.4m savings are projected to be fully achieved by March 2015, and has meant that there will be less bed spaces lost as previously forecast. The following interventions have contributed to the savings proposals:
- A strategic review of Mental Health and Socially Excluded accommodation has been completed that has identified a number of areas for improvement to ensure maximum value for money from services continues to be achieved.
 - An Assessment and Brokerage service is being developed in partnership with Strategic Housing to support customers who are ready to move-on to gain their own tenancies as quickly as possible. This will lead to a longer term reduction in the usage in supported accommodation.
 - Discussions are underway with the Chartered Institute of Housing for free consultation under a Government initiative to identify how further efficiencies can be achieved across services for older people from 2015 onwards and to inform a Housing Strategy for Age Friendly Manchester.

Voluntary and Community Sector Case Study: Market engagement and testing to develop and agree the right commissioning approach

- 5.4 The integrated commissioning team led a market testing event to determine VCS provider preferences in delivering required efficiency savings, looking at options of tendering, collaborative bidding, or negotiated process of identifying and delivering the required savings and deliver Value For Money..
- 5.5 The Council received responses from the VCS providers of advocacy, dementia support, employment support and carers services. The providers overwhelmingly opted for the negotiated route and submitted written proposals to that effect. The full savings requirement (£612,000) is forecast to be achieved through this approach.

6. Progress in Driving Public Service Reform

6.1 As well as delivering year on year efficiencies, a central part of the integrated commissioning hub's function is to drive the public service reform programme in the City. In particular, focusing on introducing new delivery, investment and evaluation models to reduce demand on high cost reactive services, increase independence and resilience, in partnership with local commissioners and providers. This approach includes for example:

- Introducing reform principles to Council's core business, including for example ensuring in the design of new services officers are considering the cohort; the best available evaluation; innovation in delivery; cost benefit analysis etc. This includes work on advice services, Children in Need and extra care provision.
- Using the commissioning hub's improved capacity and capability in terms of commercial and technical skills to develop more sophisticated investment and delivery models. Examples include developing a system wide cost benefit analysis for the City's integrated care programme; and developing and negotiating with Whitehall a new placed based welfare programme in GM with DWP funding 80% of the programme.
- Improving the quality and scope of research and analysis as part of the commissioning process (alongside Performance, Research and Intelligence), to for example benchmark existing services against UK and core cities comparators; identify evidence based interventions relevant to the Manchester context on a global basis; and undertake more sophisticated market testing and resident involvement in service design. This includes work being undertaken to support the reform of learning disability services; looked after children; and advice services.
- Developing better business cases to justify investment in new delivery models to capture the evidence base to inform future decisions, ensuring that the principles of reform are applied consistently across services. Recently this has included the development of a business case to invest in earlier intervention, applying the principles of the troubled families programme to the Children in Need cohort.
- Collaboration with other commissioners in the City in the design, development, commissioning and funding of new services that cut across traditional organisation silos. This includes for example the Living Longer Living Better integrated care programme, working with the CCGs (and providers) in the city to shift resources around the system to invest in new care models for priority groups in the City.
- Creating alternative contracting and payment models for services to incentivise the right behaviours and maximise value for money. This includes for example the development of an alliance contract with health

partners for urgent care; and the introduction of framework contracts where appropriate for targeted and specialist services.

- Facilitating new delivery models with residents, staff and partners, particularly voluntary and community sector organisations, to co-design new service delivery models. This includes for example new care models in the City for people at the end of life and people with long term conditions.

Case study examples of the impact of the integrated commissioning hub as part of the Council's reform programme are described below.

6.2 Case Study - The Living Longer Living Better Programme

6.3 The Living Longer Living Better programme is a bold and ambitious programme to deliver world class community based coordinated care for Manchester's residents. Not only to the 1-2% with the most complex and costly health needs today, but the population as a whole. It includes developing new care models that enable people to receive care in the community and the home, including new models of care for people at the end of life; frail older adults; and residents with long term conditions.¹

6.4 To support the development of the programme, the integrated commissioning hub, alongside health partners has (together with finance and operational colleagues):

- Worked collaboratively to develop the high level vision and priorities for integrated care
- Led on the development of the business case for integrated care on behalf of the health and social care commissioners and hospitals in the City
- Undertaken extensive cost benefit analysis modelling, to determine the potential impact and resource shift required of the new care models
- Facilitated co-design workshops with voluntary and community sector, public sector and patient representative groups in the development of the new models
- Developed draft commissioning intentions which articulate the minimum service levels and health outcomes we want as a city

6.5 Case Study – Work Programme Leavers

6.6 The commissioning hub has been leading work on GM's proposition for those furthest from the labour market, Work Programme Leavers. GM has secured a deal with Government to design and test a place-based alternative to the Work Programme in GM, specifically for Employment Support Allowance claimants who have not found work after two years on the Work Programme. The evidence generated will inform the Government's planning for successor arrangements to the current Work Programme contracts that end in 2015,

¹ Please refer to papers of the November 6th 2013 Health and Wellbeing Board for more details of the Living Longer Living Better Programme.

which may include GM and Government co-commissioning welfare to work services.

6.7 Work Programme Leavers will involve testing a more intensive, better integrated approach for those furthest from the labour market, led by GM local authorities and integrating support from all public services. The model will apply the PSR principles that have been successful with Troubled Families, but with a stronger focus on supporting benefit claimants into sustained work.

6.8 The integrated commissioning hub has:

- Undertaken engagement and negotiations with Whitehall
- Led on stakeholder engagement in GM in the design and development of the programme
- Supported the development of the specification of the service
- Led on the design on the financial and investment model

7. Local Commissioning and Ward Coordination

7.1 The priority of the integrated commissioning hub is also to increase the local place based focus of commissioning in the City. Three lead locality commissioners (north, central and south Manchester) have been appointed to ensure commissioning is effectively aligned to SRF objectives; is integrated with local delivery structures and Councillor participation (SRF and ward coordination); and captures evidence and feedback from local stakeholders, staff and partners on commissioning priorities.

7.2 To support the locality focus of commissioning – across partners not just the Council – lead commissioners are developing locality commissioning plans to identify commissioning priorities at a local level. This will include articulating local commissioning intentions that respond to the specific characteristics of the local communities. The plans will bring together at a local level universal services and Children and Families services. The plans will also ensure that different commissioners in a place identify opportunities to integrate services much more closely.

7.3 This approach is about ensuring local considerations are much more effectively integrated into commissioning decisions, working in partnership with ward coordination and regeneration teams. It will also ensure that there is a place/neighbourhood focus as part of the commissioning process, avoiding individual services being commissioned/decommissioned without considering the impact on place.

8. Developing the Council's Approach to Commissioning

8.1 The above examples highlight some of the early progress made through the integrated commissioning structure. However, there are clear opportunities for further innovation and challenge to support the Council's growth and reform plans.

8.2 At a high level this includes the following key themes:

- *Ask the right questions at the right time.* A traditional commissioning question would be ‘how do we commission a street cleaning service?’ or ‘how do we cut £400,000 from youth services?’. There is a real opportunity to shift the emphasis to both outcomes and then crucially behaviour change, illustrated below.

Traditional Commissioning question	New Commissioning Question	Behaviour change Commissioning question
How do we commission a street cleaning service?	How do we commission for clean streets?	How do we keep our neighbourhoods clean and tidy?
How do we cut £400,000 from youth services?	How do we keep young people healthy, safe and engaged and reduce costs?	What can I contribute to my local community that will provide me with opportunities too?
How do we spend circa £45million of public health monies?	How do we commission for a healthy City? How does public health support Manchester’s focus on economic growth?	How can we keep ourselves healthy and well? How can I get involved in community activity and gain valuable experience?

- *Use alternative routes and channels to seek answers to difficult questions.* There are a range of technological innovations which mean that the traditional approach to problem solving and commissioning are changing. The use of open data for example (where commissioning organisations provide open access to data to enable analysts and developers to identify patterns and solutions) is just one way in which a potential untapped community resource could be used to solve difficult problems. Similarly, the use of applications for smart phones to enable residents to report anything from pot holes, to graffiti or fly tipping in real time with photos (mapped by GPS) means more resident involvement by using technology they use in their everyday lives.
- *Increasing understanding of the purpose and function of commissioning.* The integrated commissioning function should be an enabling function to support councillors, partners, staff, residents and managers challenge the status quo and support service transformation. However, there is often confusion about the nature of commissioning. It is proposed that a series of learning events (held together with Macc) for councillors, staff and partners will support the development and improvement of commissioning in the City.

Please refer to the attached VCS commissioning update paper, which provides more details on commissioning with VCS organisations in the City.

9. Recommendation

Members are asked to:

- Note and comment on the contents of the report