

Update 2014

Commissioning framework



NORWICH
City Council

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Foreword

Norwich City Council has traditionally used a range of service provision to meet the needs of its residents. This includes delivering services directly, providing grant funding for voluntary and community organisations, or contracting the private sector to deliver services such as waste collection, street cleaning, grounds maintenance, housing repairs and Information Communication Technology (ICT).

Norwich City Council is committed to ensuring good quality and efficient services are delivered for the residents of Norwich, making the best use of available resources. The commissioning framework sets out how this will be done consistently across the organisation, so that practices are fair, transparent and achieve value for money. The framework seeks to increase

community involvement and resilience by promoting innovation and flexibility, enabling the council to consider alternative means of achieving the best outcomes for the city.

This commissioning framework has been developed in accordance with national guidance and other good practice models that recognise the importance and value of the voluntary sector in delivering services.



Leader of the council
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1. Introduction

1.1 What do we mean by commissioning?

Public bodies working with external parties in the public, private, voluntary and community sectors to deliver services on their behalf is described as 'commissioning'. Commissioning is the entire cycle of assessing the needs of people in a local area, designing services to address those needs and securing a cost-effective service in order to deliver better outcomes.

1.2 What is the purpose of the framework?

The purpose of this framework is to:

- create a commissioning model that can secure value for money through better relationships with other bodies: public, private and voluntary
- help all bodies have a shared understanding of the commissioning process, and about what they should expect when working with Norwich City Council,
- demonstrate the standards that should be applied to ensure openness, transparency and value for money at all times
- apply consistent standards for commissioning across the whole organisation.

1.3 Who does it apply to?

The framework applies to all commissioning – whether services provided by the public sector, private sector or voluntary and community sector. The basic principle is that services should be delivered by those organisations that are best able to demonstrate that they meet the criteria and offer the best option. Commissioners within the council will adhere to the framework unless there is an exceptional reason not to eg legislative or specific funding guidelines that require a different approach. In such instances this should be documented accordingly.

1.4 How will it do this?

The framework includes:

- A set of principles that will enable commissioners to make decisions in the interests of the community, based on the overall value.
- An explanation of the commissioning cycle making the process transparent and consistent for suppliers and partners.
- A brief glossary of terms and links to useful documents throughout.

2. Key principles of commissioning

2.1 Statutory framework

The council has a statutory duty of 'best value' to:

'Make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to a combination of **economy, efficiency and effectiveness**'.

(Source: Best value statutory guidance 2011)

- **Economy:** minimising the cost of resources used or required – spending less.
- **Efficiency:** the relationship between the output from goods or services and the resources to produce them – spending well.
- **Effectiveness:** the relationship between the intended and actual results of public spending (outcomes) – spending wisely.

(Source: Section 3 of the Local Government Act 1999 (as amended by S137 of the Local Government and Public Involvement in Health Act 2007).

Good value for money is not about achieving the lowest price, it is the best use of resources to achieve the intended outcomes. The council will therefore seek to ensure that environmental, social and economic values are considered as part of the whole picture when reviewing service provision. We recognise that not all outcomes will be direct or easily valued and evaluation may utilise techniques such as social return on investment (SROI) to establish the full impact of a programme.

Where appropriate we will achieve innovation and develop new services with partners. This means establishing long-term relationships based on trust and mutual support, encouraging continued investment in Norwich's services. We recognise that there can be significant benefits in working with small businesses and local voluntary and community organisations (registered charities, associations, self-help groups and community groups), social enterprises, mutuals, co-operatives and consortia.

We will continue to provide good, timely information about commissioning intentions on our website and through the various forums already in place. We will engage and consult with providers at an early stage when developing our strategies, recognising that they have skills, knowledge and expertise that will strengthen our commissioning activities and shaping of services. We will involve relevant stakeholders such as service users, voluntary and community sector organisations or businesses at all stages of the commissioning cycle.

2.2 Decommissioning

We will at times need to end the funding for existing services in order to achieve the right outcomes for residents. This will enable us to invest in other services according to our priorities. In doing so, we will actively engage the provider and service users as early as possible. Throughout the development and application of this commissioning framework, Norwich City Council will take into account:

- the National Compact: which guides public bodies and voluntary organisations to work together effectively for the benefit of communities and citizens
- the Eight Principles of Good Commissioning identified by the government in 2007 in the National Programme for Third Sector Commissioning:
<http://www.nao.org.uk/successful-commissioning/general-principles/>

2.3 Living wage

As a living wage accredited employer, Norwich City Council encourages organisations to pay the living wage where possible. It is the council's aspiration to bring the benefits of the living wage to partner organisations. This includes employees of contractors and recipients of grant funding for paid posts. The living wage is not the minimum wage. It is defined as pay for work that should bring dignity and pay enough to provide families with the essentials of life. The living wage rate is updated annually; for further information go to www.livingwage.org.uk

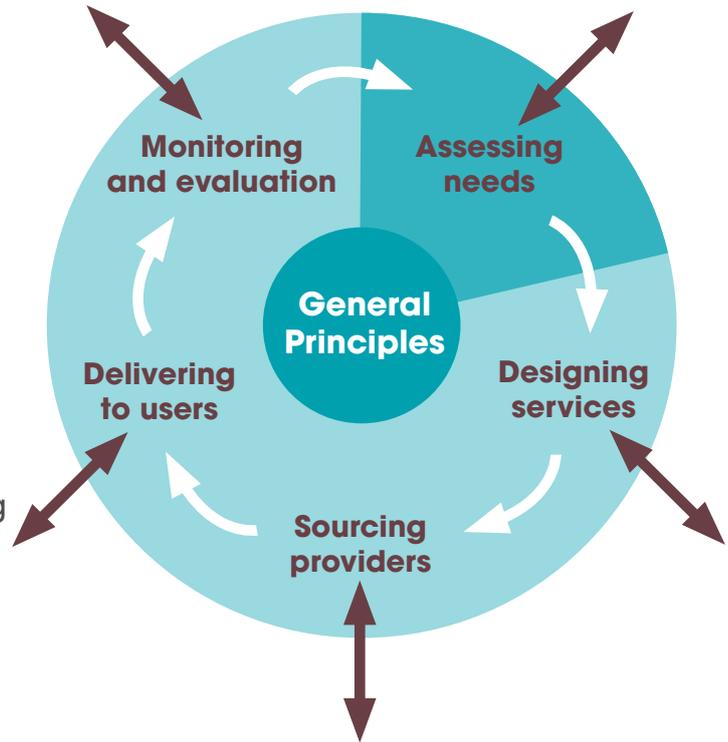
3. The commissioning process

3.1.1 Commissioning diagram

3.1 The commissioning cycle

The commissioning cycle follows a number of stages:

- Assessing identifying the priority needs and outcomes.
- Designing the specification which will achieve these outcomes.
- Sourcing the providers to meet the specification.
- Managing the delivery of the outcomes.
- Monitoring, reviewing and learning to inform future commissioning.



3.2 Assessing needs

Good commissioning requires good information. Assessing need is a crucial step in the commissioning process. The design and delivery of services is reliant on understanding the needs to achieve the appropriate outcomes. Residents and service users know what works well for them and their communities, and how services can be improved. We intend to robustly engage with local communities in designing and deciding on priorities to ensure our strategies meet local need. Norwich City Council recognises the role of the voluntary and community sector in supporting engagement with the community, particularly vulnerable residents. We will work in partnership with the sector to give residents a voice in how services are delivered.

Norwich City Council will:

- map inequalities and challenges experienced by residents of the city

- analyse and monitor gaps in existing service provision as part of the strategic planning process
- where possible carry out assessment of need with other commissioners
- analyse information from a range of sources to support robust planning for the future
- annually review the range of data sources and information.

3.3 Designing services

Norwich City Council will plan or design services to meet the needs of the city. It will seek to involve relevant partners in the process. There are two stages:

- establishing the outcomes to be achieved: the economic, social or environmental improvements that are sought
- selecting the appropriate route to achieving the desired outcomes.

Norwich City Council has access to range of tools which have a positive starting point; building on what is already in place and successful, focusing on outcomes. These include an asset based approach for example, or outcome based accountability.

The council is also keen to link payment to providers to the outcomes achieved, not just the inputs, outputs or processes of a service. Appropriate outcomes for the service will evolve from the:

- needs assessment
- local political drive
- legislation
- value for money
- proposals from the public, private and voluntary organisations.
- outcomes sought by partners.

Where possible, the council will consider the potential to adopt a joined up approach with commissioning partners:

- To reduce duplication of services.
- To pool resources needed to achieve the desired outcome.

3.4 Sourcing providers

Once the outcomes are agreed, consideration will be given to the best route to achieve them. This might mean the ending of current provision in order to seek a different outcome. The first decision needs to be whether the outcomes are best met through self-delivery, partnership delivery, or external delivery of services. This process will be guided by the council's *Changing Pace council blueprint* which acts as a framework for all service redesign work within the council. To help officers in this process a matrix has been developed to assess each option against criteria to establish the method that is likely to deliver best value.

In summary, the following considerations should be taken into account in selecting the appropriate method for delivery:

3.4.1 CHART: Types of delivery

Method	Consideration
Self-delivery	<p>The council’s blueprint requires that the council delivers services directly where it is most efficient to do so.</p> <p>In many cases this will be the most effective way to proceed.</p>
Partnership delivery	<p>Some outcomes will only be achieved by working with a wide range of partners. Norwich City Council will work with partners to identify where joint commissioning adds value and efficiency.</p> <p>For example:</p> <ul style="list-style-type: none"> • it may contribute funding to any partnership that collectively seeks to commission services for shared outcomes eg Greater Norwich Growth Board or the New Anglia Local Enterprise Partnership • it may seek to fund projects which have two or more outcomes for differing providers, producing a greater impact. Eg the Norwich Neighbourhood Renewal Fund (which ended 2008/10) project ‘In Your Face’ provided a nutrition education and cooking project to families of children with behavioural issues. Families adopted healthier eating habits and began to reduce obesity. Children behaved better, and did better educationally. The project had positive if different outcomes for health and education partners • it may establish new partnership arrangements, or utilise existing partnerships, in order to secure external funding or additional public monies to meet joint outcomes eg the Norwich and Homes and Communities Agency (HCA) partnership • Norwich City Council has a corporate governance framework for partnerships which supports the joint planning, monitoring and delivery of outcomes.
External delivery	<p>Sourcing external provision of services is appropriate where:</p> <ul style="list-style-type: none"> • there is no or reduced capacity within the council to deliver these services • there is no appropriate partnership to deliver these services • it is inefficient to do so using either of these routes.

If the decision is to commission external delivery of services, then the next step is to decide on the appropriate route: procurement, grant or grant in kind.

3.4.2 CHART: Types of external provision

Route	Description	Appropriate	Process
Procurement	<ul style="list-style-type: none"> • Buying in services through a contractual relationship. • Seeks to secure specific goods, works or services from third party suppliers which will meet the council's defined outcomes without specifying available resources. • Conducted in line with European and UK Law: Public Contracts Regulations (2006). • Non-compliance with terms and conditions of a legally binding contract may result in sanctions, including retrospective recovery of costs. 	<ul style="list-style-type: none"> • Acquisitions are for the direct benefit of the council, necessary for the delivery of the services it provides or the running of its own business. • For further guidance see the council's procurement strategy. 	<ul style="list-style-type: none"> • Draw up specification and tender document. • Advertise opportunity and invite competition. • Panel assessment against specifications. • Set up a purchase order with the individual or organisation offering the best proposal. • Set out the terms and conditions within a legally binding contract. • Manage delivery through a contract • Formal performance review.
Grant	<ul style="list-style-type: none"> • Sources services that deliver specific outcomes. • Funding is allocated based on the outcome. • Funding may be for specific projects or in support of the core costs of the overall organisation. • The grant agreement is not a legally binding contract • Non-compliance or failure to deliver on agreed milestones can result in no future payments. 	<ul style="list-style-type: none"> • Permits innovation of the provider to design how those outcomes might best be met. • Where grants are given for core costs, the relationship may be characterised by a high level of trust. • The organisation's activities will be closely aligned to the council's agreed outcomes 	<ul style="list-style-type: none"> • Application process advertised on website. • Panel assessment against outcomes and including consideration of grant in kind. • Agree and set out conditions of receipt and reporting requirements. • A formal grant award letter will set out the grant agreement, general terms and conditions, and monitoring and evaluation requirements.

Route	Description	Appropriate	Process
	<ul style="list-style-type: none"> Funding is allocated to deliver one or more of the council's agreed outcomes but there may not be a restriction on how the funds are to be spent. 		<ul style="list-style-type: none"> Performance managing awards through monitoring and evaluation of effectiveness
Grant in kind	<ul style="list-style-type: none"> Offer of resources as an alternative to a financial grant such as provision of accommodation, or other equipment as appropriate. The council decides to forego income from an asset based on a range of considerations. 	<ul style="list-style-type: none"> Actual funds unavailable. Support for overall activities, not any specific project. The organisation's activities will be closely aligned to the council's agreed outcomes 	<ul style="list-style-type: none"> Arrangements will be detailed within an award letter.

Stages of the process will include the following, depending on the route chosen:

- writing a specification and tender document, or a grant application document
- advertising and promoting applications
- assessing applications
- awarding the contract or establishing a grant agreement.

Individual contracts and grant award letters will outline expected levels of service or outcomes to be delivered by the organisation commissioned and the responsibilities of each party.

3.5 Using assessment criteria

Whichever route is taken, applicant organisations are required to meet the organisational criteria set out in the specification or grant application document. If these criteria are not met, no further consideration will be given to an application. Examples of organisational criteria that might be included are found in the table below. This is not an exhaustive list and at all times compliance with the organisational criteria will be proportionate and relevant to the organisation and the service they offer.

3.5.1 CHART: Organisation criteria

Organisation criteria	
Management	<p>Requirements:</p> <ul style="list-style-type: none"> • A formally adopted constitution. • Regular committee meetings, including an annual general meeting. • A business plan or working towards developing one.
Financial systems	<ul style="list-style-type: none"> • Compliance with all financial and accounting requirements of charity or company law. • Follow good practice in relation to internal financial controls. Organisations with an annual turnover of above £5,000 must publish independently examined or audited annual accounts.
Data protection	<ul style="list-style-type: none"> • Compliance with the Data Protection Act (1998) in handling any personal information about individuals.
Employment practices	<ul style="list-style-type: none"> • Where staff will be recruited to deliver services, posts will be advertised, with open and competitive interviews. • Employees will be supplied with a contract and terms and conditions as well as job descriptions. • As a Living Wage accredited employer, the council encourages organisations to pay the Living Wage. For further information go to www.livingwage.org.uk
Insurance	<ul style="list-style-type: none"> • Adequate insurance for activities, events, staff, premises, equipment, vehicles including: <ul style="list-style-type: none"> • Public liability. • Employer's liability cover if staff are employed. • Property and equipment insurance against fire, theft, loss, damage. • Vehicle or driver insurance if vehicles are owned or driven.
Disclosure and barring checks	<ul style="list-style-type: none"> • All employees working with children and vulnerable adults must be vetted through the disclosure and barring checking service.
Safeguarding Policies	<ul style="list-style-type: none"> • Organisations working with vulnerable adults must have a policy and procedures in place. • Organisations working with children and young people must have a child protection policy and procedures in place.
Safeguarding training	<ul style="list-style-type: none"> • Employees working with vulnerable adults and children and young people must have relevant and up to date training.
Equality	<ul style="list-style-type: none"> • All organisations must have a written equality policy that complies with current legislation, and arrange appropriate training for managers and staff.

Grant or contract specific requirements may set out additional criteria in relation to quality and delivery. These might include assurances on long term sustainability, quality control, or further requirements regarding innovative delivery methods.

Deadlines for applications, together with dates when decisions will be taken, will be published on the Norwich City Council website and within relevant literature. Objective assessment against the specified criteria will be in accordance with the overarching principles set out in this framework, including value for money. Grant applications will be collectively assessed by those with appropriate knowledge and expertise. Following assessment, cabinet will be formally notified of the funding decisions. In relation to procurement, the value of the contract will dictate the level for decision making, officer or elected member, according to procurement rules.

3.6 Awarding contracts, grants or grants in kind

The council will issue contracts or grant award letters setting out the role and obligations of both the organisation and the council in delivering agreed outcomes, including full terms and conditions. The contract or grant award letter will set out the basis of payment which must be agreed with the provider. The payment process will incorporate an agreed approach to risk management and 'full cost recovery'.

3.7 Monitoring

Monitoring is necessary to assess progress of the organisation in achieving the agreed outcome. All organisations funded by the council through the commissioning process will be subject to monitoring against performance targets as set out in the contract or grant award letter. The monitoring requirements will be proportionate to the value and complexity of the arrangement. The process will have regard to National Audit Office guidance on 'intelligent monitoring' <http://www.nao.org.uk/intelligentmonitoring>

3.7.1 Equalities

Monitoring the accessibility of services and equality of opportunity is a way of ensuring our residents and customers receive a high quality service which best meets their needs. The council has a legal duty under the Equality Act (2010) to promote equality of opportunity, eliminate discrimination and foster good relations, and this is extended to organisations delivering public functions on our behalf. All potential service providers should demonstrate that they are equal opportunities employers and understand the communities they serve. This is through collecting appropriate information, engaging with residents and acting on that knowledge. Further guidance can be found on the council's equalities web page.

3.7.1 Evaluation

Evaluation is the assessment of the extent to which the programme has met its objectives. This helps commissioners and service providers improve the design and operation of the programme or any future

activities. The evaluation process needs to be designed and agreed at the outset, and embedded into agreements with providers. Our quality assurance arrangements will reflect our focus on outcomes for people. We will regularly review services to make sure they continue to be fit for purpose and provide best value.

3.7.2 Proportionality and risk management

Where appropriate, Norwich City Council will make use of the provider's own monitoring and evaluation procedures, rather than imposing extra ones. For example some agencies may already be using tools such as the Outcome Star, or SOUL (soft outcomes universal learning) records with indicators which measure progress. Norwich City Council is happy to accept evidence using these or any other similarly robust tools which are already utilised across sectors. If the provider also receives public money from another government body or other funding body, Norwich City Council will consider utilising monitoring and evaluation systems that are already in place. A monitoring checklist is available for organisations to use.

3.8 Decommissioning

The most common time for decommissioning is when the existing agreement comes to an end and the service or project is evaluated on the extent to which it has met the agreed outcomes. It is this evaluation process and continuation of the commissioning cycle; the needs assessment, review of outcomes, assessment of the most appropriate route to deliver those outcomes, which informs decisions to extend, re-commission or decommission.

When making a decision consideration will be given to the impact of the funding ceasing, legal requirements and the Best Value Statutory Guidance (2011). The council will ordinarily provide three months' notice and may amend contractual obligations to support providers in phasing out services. Some awards will be time-limited and therefore a reduced, or no notice period will be required.

Glossary

Term used	What it means
Commissioning	The entire cycle of assessing the needs of people in a local area, designing services to address those needs and securing a cost-effective service in order to deliver better outcomes.
Compact	An agreement that describes how local statutory sector bodies (such as the council) and voluntary and community sector organisations will work together as partners.
Consortia	An association of two or more individuals, companies or organisations with the objective of acting together for the purposes of a single project.
Cooperatives	A business organisation owned and operated by a group of individuals for their mutual benefit. Cooperatives often share their earnings with the membership as dividends, which are divided among the members.
Evaluation	The assessment of the extent to which the programme has met its objectives.
Full cost recovery	Where the organisation delivering the service is allocated a fair proportion of resources to cover the overhead costs for each contract or service it provides.
Key performance	Indicators which help commissioners to measure the indicators performance of suppliers against their agreed obligations.
Mutual	An organisation that is owned by, and run for the benefit of, its members. Its purpose is to raise funds from its membership or customers to provide common services to all members. Any profits made will usually be re-invested in the mutual for the benefit of the members, although some profit may also be necessary to sustain or grow the organisation.
Outcomes	The real-life economic, social and/or environmental improvements that are sought/the results or impact of a planned activity or intervention on residents.
Outcome star	A tool for supporting and measuring change when working with vulnerable people. http://www.outcomesstar.org.uk/
Partnership delivery	Working with a range of partners to jointly commission services for shared outcomes.
Procurement rules	Norwich City Council has a legal requirement for a set of standing orders which they call their 'contract standing orders', which is part of the council's constitution.
Self-delivery	The council directly delivering a service.
Social enterprises	Businesses trading for social and environmental purposes. The profits they make are reinvested towards achieving that purpose.

Glossary

Term used	What it means
Social return on investment	A way to measure and account for the value you create with your work. It is different from many other approaches in that it values outcomes by using financial proxies, so that they can be added up and compared to the investment made. This results in a ratio of total benefits (a sum of all the outcomes) to total investments. For example, an organisation might have a ratio of £4 of social value created for every £1 spent on its activities.
SOUL records	Soft outcomes universal learning: a flexible toolkit offering an effective method of measuring progression in soft outcomes eg confidence, self-esteem and problem solving.
Statutory sector	The statutory sector involves all the organisations that are set up, controlled and funded by the government, for example the council, the police and the NHS.
Tender	A written request to provide information about how the supplier would contract to provide goods or services as specified at a stated price. Successful tenders result in the award of a contract to deliver the goods or services specified.
Voluntary and community sector (VCS)	Often referred to as the third sector, this refers to wide range of registered charities as well as non-charitable, non-profit organisations, associations and community groups large and small.
Whole life cost	The cost of the project across the whole life of the project.
Whole life value	This is the cost of a project, including all relevant future costs as well as the social, economic and environmental considerations needed to assess the value of the project, product or service.



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