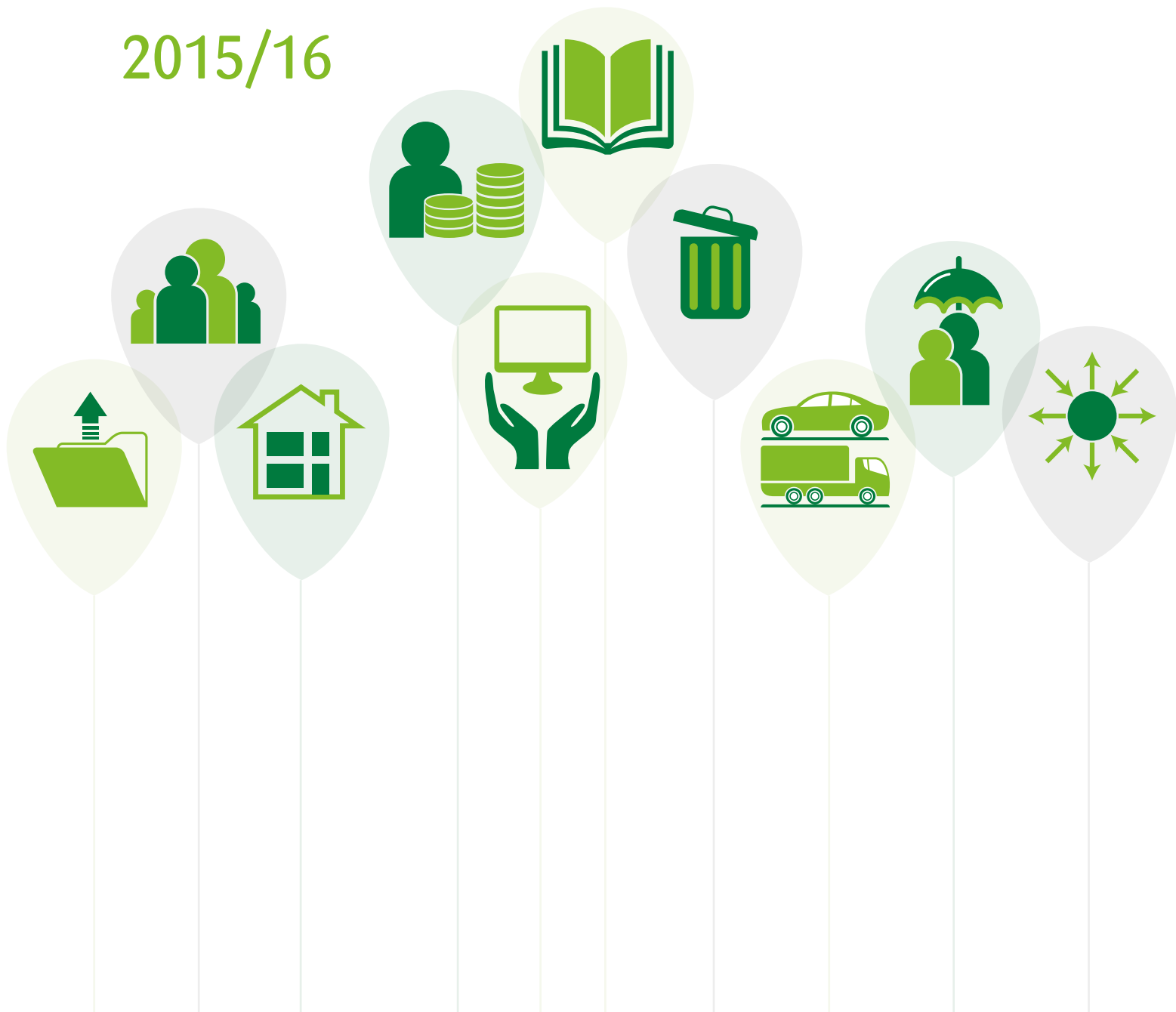


Transforming the way we work

One year in...

Annual progress report on the
Commissioning & Procurement Strategy

2015/16



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Introduction

In February 2015, Cabinet approved a new four year strategy which sets out a new approach to commissioning.

The strategy recognised the difficult position we are in as an authority with rising demand and reducing budgets and put in place a framework, vision and key principles to help the council and its partners to make decisions in a more consistent way.

Our strategy has signalled a change in pace around the way we approach our commissioning activity.

This transformational change in behaviours and thinking that we are committed to achieving requires a concerted and sustained effort. Whilst we have already achieved a significant amount: there is still much more ground for us to cover in transforming behaviours and upskilling our staff.

This report highlights some of the significant achievements we have made one year in to our four year strategy and also highlights some of the challenges that lay ahead and how we intend to continually improve our commissioning practices.

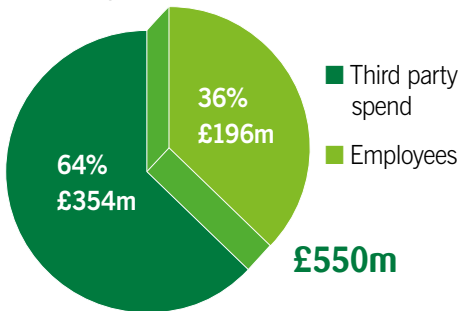
Our aim for effective commissioning:

“Making the most of all the resources available – not just our resources – but those of our partners, suppliers and communities to make the biggest impact we can. In doing so we will be able to promote independence and community resilience and yet still be there when needed the most.”

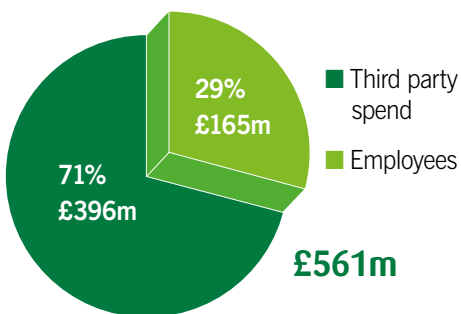
Baselining our performance

Our strategy set out some base line data around how we utilise our resources in delivery of our services.

Total spend 14/15



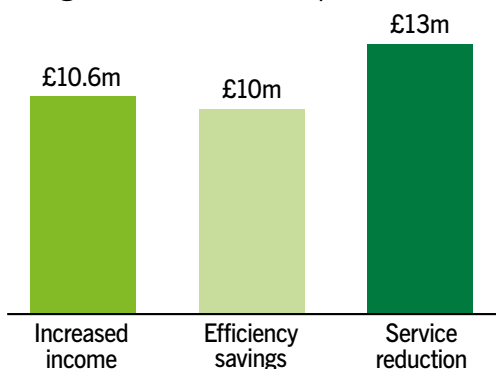
Total spend 15/16



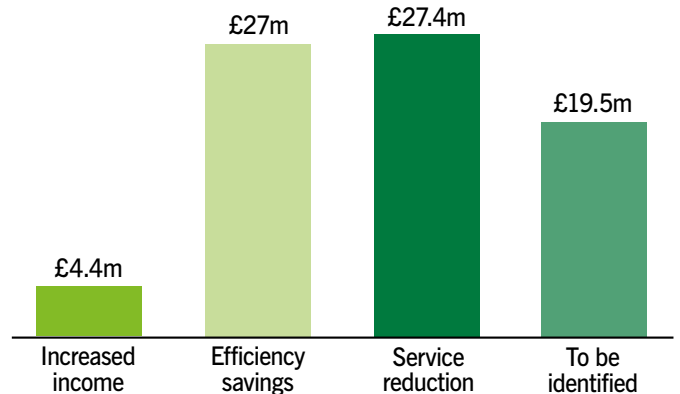
Whilst it appears the overall size of our pot has increased, this is due to us taking on responsibilities for additional services such as Health Visiting which transferred from NHS England in 2015. The chart shows how we are increasing the proportion of our spend with third parties. The pressures on our services continue to increase and it is now more important than ever that we maximise our ability to commission effectively and ensure we are managing our providers to deliver the outcomes we need them to.

As expected the financial picture has continued to worsen and our savings (both planned and realised) have had to adapt.

Savings achieved in the period 2015-2016



Forecast savings to 2016-2020



To mitigate the impact of any service reductions we are driving forward significant efficiency savings (£27m) and are seeking ways in which we can generate greater income through our traded services.

We benchmark our overall commissioning performance through local best practice forums as well as more recently through participating in the Local Government Association benchmarking exercise against the National Procurement Strategy for local government (“NPS”).

In writing our strategy we ensured that the key themes within the NPS were taken into consideration and mirrored in our principles.

Whilst the full results of the NPS benchmarking exercise are yet to be published, early indications show that overall our performance is in line with and in many cases better than that of comparator authorities. In adopting a Commissioning approach we are somewhat ahead of the curve in terms of the way we undertake our activity.

For those areas where scope for improvement has been identified we are setting out action plans to address any potential improvement initiatives.

Some of the top performing authorities are already making use of procurement approaches such as Dynamic Purchasing Systems (similar to an electronic framework agreement where suppliers can join at any time). As our own capability is increasing we will look to exploit such approaches as and when the opportunities arise.

We recognise the benefits in shared learning and collaborating with others to share best practice. Over the course of the next 12 months, further work will be done to benchmark our own performance, share our good practice and learn from others.

One year in...

We've made some significant inroads to improving organisational practice. That's not to say we have reached the destination – our strategy is very much about a continued journey. Within this section we review our achievements, provide some examples of our new commissioning approach in action and in “Next steps”, we look at what still needs to be done.

Focusing on our principles:

Making decisions based on evidence

We work hard to make sure all our commissioning decisions are based on strong evidence. Sometimes the information available is not as complete or consistent as we would like.

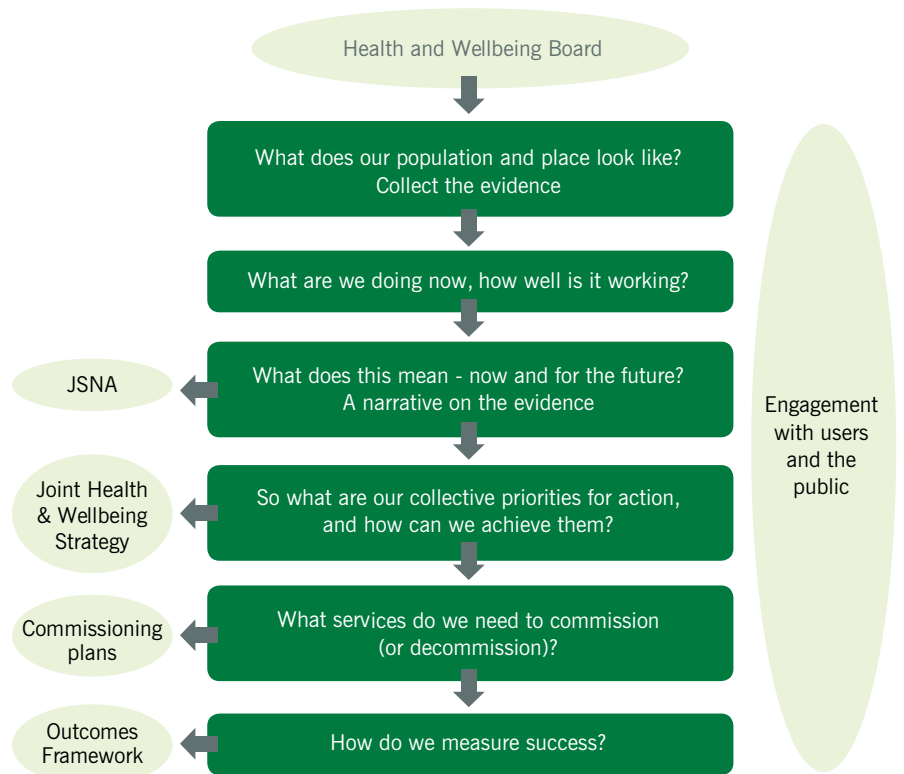
In our strategy we said we would increase corporate responsibility for data and business intelligence and its role within developing an evidence based culture, supported at a corporate level to provide the professional expertise within the whole organisation.

In September 2015 we finalised our strategy for Data & Business Intelligence (DBI). This strategy sets out our vision for the future:

- The Council is an information led and intelligence driven organisation, making decisions based on evidence
- The right data and business intelligence is available to the right people, at the right time and in a form that they are able to use
- Everyone will spend less time finding the data and business intelligence they need and more time using it
- The council has access to the right tools, techniques, skills and resources to make the best use of its business intelligence.

As a result of this we are looking to rationalise the variety of technologies that create or provide data outputs and invest further in software and systems to help our staff have easier access to, and the ability to manipulate key data sets.

To increase corporate responsibility for business intelligence and its role within developing an evidence based culture we have established a central Data Business Intelligence Service. This new service will have responsibility for implementing the DBI Strategy and will work closely with commissioners to help promote access to appropriate data and insight to inform commissioning decisions.



We said that we would develop our evidence base to support the change required and to allow us to report back on the success of our commissioning decisions.

To help us understand the effectiveness of our commissioning decisions, the Adults and Communities department is about to undertake a demand modelling project, with the support of the University of

Leicester. Jointly this will look at the impact of recent commissioning decisions, and forecast future demand for services in line with the priorities identified in the Departmental Commissioning Strategy. This data, and associated learning, will then be used to inform a departmental Demand Management Strategy. This will ensure that the systems and approaches that are the most effective in managing demand are embedded routinely within departmental activity.

Case study

Joint strategic needs assessments (JSNAs) analyse the health needs of local populations to inform and guide commissioning of health, wellbeing and social care services within local authority areas. The JSNA underpins the Joint Health and Wellbeing Strategy (JHWS) and commissioning plans. The most recent Leicestershire JSNA was published in 2015 and was developed from a detailed evidence base available in a number of data dashboards accessible from the website: www.lsr-online.org/Leicestershire-2015-jsna.html

The 2015 JSNA has presented data in an innovative way using high impact infographics to communicate key facts and we have also developed an 'easy read version'. In addition, the data dashboards will be updated throughout the year giving commissioners desktop access to the most up to date information they need for decision making. Moreover, this evidence base is available to all local partners through the Leicester Statistics and Research (LSR) website to assist in commissioning and strategic planning across Leicestershire, Leicester and Rutland.

We also said we would get better at sharing data between public sector organisations to help us look to the future and deliver better outcomes.

'Care and Health,' a new integrated data tool was launched on 14th October 2015. This has enabled NHS and council partners across Leicester, Leicestershire and Rutland to analyse the journeys taken by local people across the whole health and care system. The interactive launch involved over 50 champions from partner organisations who had the

opportunity to demonstrate and navigate the first set of dashboards and consider how the tool will help us to plan, commission and evaluate services.

We have already achieved:

- Collaborative leadership
- Seven partner datasets refreshed monthly with information about how people 'flow' through health and social care
- 26 skilled practitioners working as a 'community of interest' across 10 council and NHS provider/commissioner organisations
- Customisable dashboards revealing otherwise unachievable insights into how our services impact upon each other
- Ability to plan and audit services better
- Continued use of this tool will enable us to make increasingly wiser and more joined-up commissioning discussions.

Understand and challenge needs and manage demand

We are already using a range of techniques to help us understand the needs of individuals and the population such as our Joint Strategic Needs Assessment which is undertaken by ourselves in conjunction with the NHS Clinical Commissioning Groups. Through the Centre of Excellence for Information Sharing we're pioneering work to share information across the public sector so that individuals and families get the best services.

Through, for example, our work around Health and Social Care integration, we're working with our partners and communities to put services in place that prevent people needing to use more acute and costly services in the future.

We're conducting an authority wide review into our preventative services that will allow us to focus on services that intervene early and prevent problems occurring that could be very costly to the public purse.

Projects such as Help to Live at Home show how we are bringing together commissioners from across the public sector and other stakeholders to help come up with solutions that meet people's needs.

Through more effectively engaging with our communities, we are reducing demand on our services by helping communities to help themselves, from big examples such as the Community Managed Libraries project, to smaller more local examples such as Older People Coffee and Chat clubs.

Early in 2015 we established a contract with Voluntary Action Leicestershire (VAL) to support and help build capacity within communities so they are able to deliver services for themselves. Since the launch of the contract, VAL have supported a number of different initiatives from schemes designed to engage with young people, schemes which help achieve greater mental well-being and inter-generational schemes which encourage support for older people and develop a safer, stronger community.

By the Numbers



27

Kickstarters



122

Volunteers/people involved



27

Initiatives being created

Through the use of Local Area Coordinators (LAC) we are connecting service users with services, support, information advice and guidance in their local area.

Our aim is to improve community resilience and reduce reliance on health and social care services. Recent evidence suggests that the LAC's interventions are likely to lead to less demand for public services and to generate a social return of £4 for every £1 invested.

Take an outcomes based approach to commissioning

We are committed to achieving great outcomes and results for the people of Leicestershire. It is only right that we are judged by the difference we make to people's lives.

To this end, when identifying our Commissioning Intentions (see 'A Commissioning Framework') we have paid close attention to the Council's Strategic Plan and to the National Commissioning Outcomes Frameworks

to ensure the services we are providing are meeting the needs of our residents.

We said we would work with residents, partners and service users to define outcomes and show our progress in meeting these outcomes.

Our Adults and Communities Department has now appointed a dedicated co-production officer. Immediate priorities include developing an annual plan that will support development of the priority activities included in the department's Commissioning Strategy, and also to identify and implement innovative tools and mechanisms.

We have been progressing well with our work to improve outcomes for people who need care at home. Working with the County's Clinical Commissioning Groups, providers and local people, we have developed a new service, called Help to Live at Home.



Help to Live at Home will deliver improved outcomes for people who need care at home. We want to make sure that good quality care and support is provided by the right person at the right time and in the right place. We will focus on helping people to gain or regain skills to live as independently as possible in their own home. We will:

- Make sure that social care and health care services work closely together to provide high quality joined up care.
- Ensure informal carers (friends and family) are involved in the planning and delivery of their support.
- Help people to connect to the support that is available in their own community.

We said we would put robust performance monitoring systems into place and make sure our commissioners have the tools at hand to measure success. We have now developed training specific to applying an outcomes based approach to commissioning and supported this through a series of tools available through the toolkit (see Developing our expertise).

We said we would introduce a payment by results approach – so, for example, a provider is paid for a stop smoking service dependent on how successful they've been in stopping people smoking. We have conducted a number of knowledge sharing seminars on this subject to help spread the examples of best practice. A number of other services have been considered for application of this approach, but we still need to work on identifying further areas where such an approach could be rolled out.

Challenge and review service delivery (make, shift, buy, share, stop)

We already have a mixed economy in place for how we deliver our services – i.e. we buy in some services and provide others ourselves or share provision with others.

Increasingly we are looking to challenge the choice of delivery model by challenging if there is a better way that services can be provided. We need to develop a 'gated' approach to our commissioning activity to ensure that appropriate challenges are put in place and we are allowing ourselves sufficient time to explore alternative delivery models.

Last year we awarded a contract for the supply of LED street lighting luminaires. We conducted a detailed benchmarking exercise into the cost of contracting the installation of the luminaires out to a third party and measured this against our own internal cost of getting our highways team to install. Prior to the benchmarking exercise the perception was that an externally contracted solution would be more cost effective however our analysis identified internal delivery to be the best option.

Necessity has meant that we have had to de-commission (stop) several of our services over the past year. To help minimise any adverse effects, we have developed an approach to de-commissioning that helps commissioners work with service users to identify how else their needs could be met.

An example of this is through our work to establish the Community Managed Libraries model. While not without its challenges we have now completed the first phase of handovers with more libraries scheduled to be handed over to the community in the coming months.

We said that we would work to enable customers and service users to determine for themselves their own best delivery option through creating and promoting personalisation (including the use of personal budgets). Over the past 12 months we have been working to facilitate this through commissioning pre-paid cards that service users can use to buy their own social care services. We need to build on our success with this scheme and continue to promote and explore the use of these for other, wider services that we offer.



Enhanced commercial approach

We are already adopting a more business-like approach and have been instrumental in delivering savings through a more joined up / partnership approach to the way we buy in and manage services.

We are streamlining our back office processes to reduce transaction costs where we can. One example of how we are doing this is through shifting provision of basic tasks and services to digital online platforms providing a 24 / 7 / 365 service. Digital delivery will also allow us to provide services more efficiently than the traditionally delivered methods historically provided through call centres and face to face transactions.

Another example of where we said we would streamline processes is through our roll out of eTendering software. In collaboration with other East Midlands authorities we have set up and completed the roll out of an eTendering platform that will help us to electronically manage all of our procurement activity. This reduces time, allows us to act quicker and also maintain a robust audit trail. Benefits to our suppliers include a single point of reference for all council commissioning activity, as well as an alerting service for future tender opportunities.

The worsening financial picture is necessitating that we take steps to generate our own income as opposed to

relying on our income solely from the state. There are many services across the Council which successfully trade with a variety of customers – from schools to district councils.

It is now more important than ever that we make the most of our potential income. Put simply, the more we earn, the less we need to cut.

For many years services have traded well – but to maximise our opportunities we need to be more coordinated in our approach to understanding the market, targeting new customers, and looking after existing clients. For this reason, a specific project has been set up (initially within Corporate Resources) to kick-start and reinvigorate our combined efforts.

We have set ourselves an initial target of generating an additional £2m net income / year in the period to 2019/20.

In the early part of 2016 our business units will be generating detailed plans setting out how they intend to achieve this. Further changes around how we position ourselves in the market and structure our traded services will help us achieve our goals.

We are helping our staff to develop a commercial mindset and have a series of training events scheduled to take place throughout 2016 to help us on this journey.



Collaboration

We have a strong history of working well with partners and involving service users in helping to shape the services we provide.

We said we would adopt a default position of joining up with other councils, police, fire and health services, and with communities to ensure that finite resources are used effectively and efficiently.

In 2015 we announced our intentions to form a Combined Authority. The city, county and district councils all endorsed proposals to create a combined authority, and the plans were submitted to central government just before Christmas.

If the Government accepts the proposals and gives the go-ahead, the Leicester / Leicestershire combined authority could be in place by the end of 2016. The authority would guide key decisions on transport, planning, skills and other key issues affecting the area.

In 2015 we held a number of workshops with Public Sector Commissioners across Leicestershire to review how we could jointly commission our shared services. Following on from this it was agreed we would jointly progress looking at:

1. How we utilise our property and physical assets.
2. How we make better use of our information and analytics.
3. How we use our ICT infrastructure.

Over the course of the next year we will be taking each of these areas forward with our partners.

We've joined up with a consortium of authorities across the East Midlands to procure a regional framework for placing Children and Young People in need of care. The East Midlands Consortium will have better market control and negotiating power to ensure best value for money across the East Midlands and will also work in collaboration to identify demand and develop market sufficiency to meet the requirements of Children and Young People in the East Midlands.

We are working with partners across Leicester, Leicestershire and Rutland to join up health and care.

'Better Care Together' is our five year plan to improve support for people so that they can live well and avoid going into hospital.

As a result of our work through the Emergency Admissions Avoidance Schemes, between January and December 2015 we managed to reduce the number of people going into hospital by 1,581.



We're looking carefully at services that people might use throughout their life - starting with maternity right through to care at the end of someone's life.

Innovation in performance management

We have a diverse supply base and we work closely with our key suppliers to make sure they meet the requirements of our customers and the council. However, we recognise that our approach to managing our suppliers can be inconsistent and could be improved.

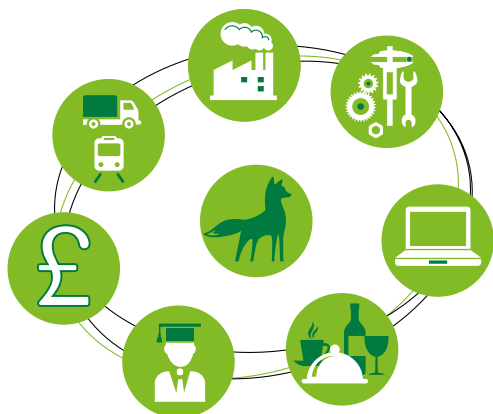
Through the re-structure of our Commissioning Support Unit we have established a number of posts that will focus specifically on improving our approach to provider and contract management undertaking joint contract management of business critical and high risk/high value contracts with our departmental commissioners.

We said we would work with our business critical suppliers to ensure that they have robust Business Continuity plans in place. So far we have identified the top 43 Business Critical Suppliers and have completed the first phase of reviewing business continuity plans. We've also looked at our approach to how we identify new procurements that might be business critical and the way in which we assess supplier continuity planning as part of our procurement process.

We said we would develop a framework for performance management that sets out a standard

approach and toolkit for monitoring, reporting and incentivising supplier performance. Our Commissioning Toolkit (see Commissioning Toolkit) has been established specifically to address these concerns and a series of training events is being scheduled to increase the skills of our contract managers.

We said we would look at how we could get better at monitoring our own performance and that of our supply chains. Our Property Services has been working to establish a system for effectively monitoring contractor performance across our construction and maintenance spend. Rolling out this system will enable us to track performance and incentivise our contractors to improve service delivery.



We said we would benchmark our performance on a qualitative and quantitative basis. Through using the Chartered Institute of Public Finance and Accountancy benchmark data we identified that some of the rates we pay on our public health contracts are more than other comparator authorities. We have used this data to go back and negotiate with our suppliers and deliver greater savings – **we are aiming to deliver around £150k from these negotiations alone.** We need to continue adopting this approach and seek out further efficiencies wherever possible.

Enhance sustainability

We already use commissioning to deliver wider economic, social and environmental benefits for the people of Leicestershire.

In the last year we have reviewed and re-drafted our Social Value policy and guidance to help the Council achieve more with the same money. Our policy

recognises the role that stakeholders, citizens, suppliers and providers can play in achieving better and greater outcomes; from reducing the number of young people not in education, employment or training (NEETS) to greater support to vulnerable residents and spending money within the local economy, to increasing the level of apprenticeships or the ability of citizens to self-care. Social Value provides the policy context to take advantage of new and creative opportunities to work with others and to extract the maximum value for Leicestershire people.

To support our work and help us measure our progress against achieving these aspirations, we have developed a Social Value Outcomes framework that sets out the specific deliverables and KPIs we are seeking to achieve.

During 2015/16 we worked closely with colleagues managing the Street lighting Transformation Programme to identify the potential for environmental risks from the programme and to mitigate these through the procurement process. An environmental implications tool was completed to identify impacts such as waste production, energy use and disruption to biodiversity.

As a result of our LED Street lighting project we are set to reduce the amount of CO2 we produce by in excess of 5,000 tonnes per annum and in doing so generate over £2m annual savings from 2018-19.

We said we would do more to engage local SME organisations and make it easier for them to apply for business with us. We've been simplifying our approaches through use of our e-Tendering portal as well as standardising our procurement documentation where we can. To help be more accessible we recently presented to SME's through the LLEP sponsored, Federation of Small Business 'Meet the Buyers' day. We recognise though that there is still more we can do like sharing our work plans in advance.

To help drive the local economy forward we have worked up a plan to enable economic growth: The Enabling Growth Plan sets out our intentions to support economic investment, business growth and employment across Leicestershire over the next five years.

The commissioning intentions for Economic Growth will be delivered in a number of ways:-

1. By bringing in investment to support the continuing intentions of others and to help to achieve the SEP priorities.

Examples of how this will continue into 2016/17:

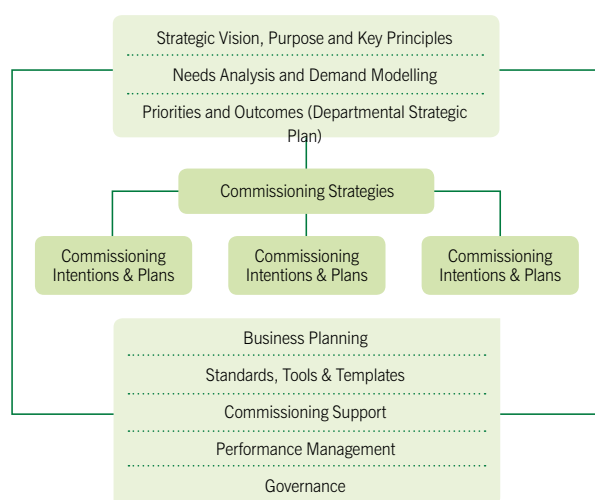
- **LEADER** – The County Council has secured funds through European LEADER funding to invest in rural East Leicestershire Businesses and Communities. A similar scheme benefits rural parts of Hinckley & Bosworth District, although this is run by North Warwickshire District Council.
- **Broadband** – The Superfast Leicestershire project will continue into 2016, working towards the target of 100% superfast broadband coverage by 2018.
- **Harborough Accelerator Zone** – Leicestershire County Council is progressing a bid for European Funding for a Harborough Accelerator Zone, working in partnership with Harborough District Council.

2. By shaping and coordinating relevant Council services so that they contribute to delivery of the outcomes. Plans for 16/17 are covered in the action plan and will be covered in the relevant departmental commissioning plans.
3. By influencing plans and commissioning intentions of other bodies/ government. Identifying the levers we have to bring about change:
 - Combined Authority
 - District Plans
 - Neighbourhood Plans
 - LLEP Sector Growth Plans
 - Strategic Growth Plan
 - Infrastructure Plan

Delivering Our Strategy

A Commissioning Framework

We committed in our Strategy to a greater consistency in our commissioning approach across the organisation. To help achieve this, our service departments have adopted a new framework ('blueprint') to help develop their commissioning strategies and have also produced the first council-wide plan of commissioning intentions.



Commissioning intentions are those key changes which the Council/departments plan to make over the next 4 year period to make the best use of all the resources available. Examples include plans to invest, disinvest, shift resources, transform/redesign services, achieve new models of service delivery, pilot changes, scale-up system-wide changes or embed key changes. These plans are evidenced-based and will be used to inform future business plans and contractual activity.

A new Operating Model

Our Strategy sets out a new improved operating model to enable an increased focus on outcomes for the customer and to embrace more business-like ways of working.

During 2015, our Environment and Transport Department has adopted the new model across the entire structure with implementation taking place in a phased way, including putting a new Senior

Management Team in place. The first 2 phases alone have removed £611k of senior management costs.

A new commissioning support unit has been put in place to provide Commissioners with the professional support and advice they need to improve outcomes for Leicestershire residents and to achieve better value for the taxpayer. This was as a consequence of completing an in-depth diagnostic across the Council.

The new Unit will focus on three areas which have the most significant impact on commerciality, consistency and best value:

- Support for strategy development and service redesign (through early engagement in the commissioning cycle);
- Sourcing and market management (including sourcing from internal services and the community market as well as the private and third sectors);
- Supplier and contract management (undertaking joint contract management of business critical and high risk/high value contracts).

Our Communities Team has also been restructured in 2015 to support the Council's aim of creating resilience in communities and unlocking the capacity of communities to support themselves and vulnerable people. Through the res-structure, we have aligned Communities Business Partners to key departments. The Business Partners lead and co-ordinate delivery of the Communities' Strategy in order to manage demand for services (through prevention and early intervention), supporting communities to design and deliver services and developing voluntary and community sector organisations as effective providers. They also co-ordinate activities to support the devolution of services to communities, such as the 'Community Managed Libraries' model, turning local aspirations into reality.

Developing Our Expertise

As part of our new commissioning approach, we have also recognised the need to develop staff to improve their commissioning skills and to help them think much more commercially.

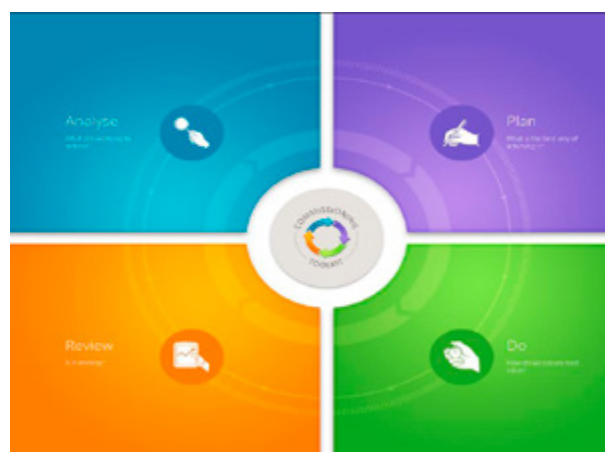
We are delivering two Government-funded Commissioning Academies: one for senior public leaders within Leicester, Leicestershire and Rutland and the other for the Council's senior managers. The programme uses practical, peer-led learning covering key commissioning issues, such as:

- Outcome-based commissioning;
- Whole systems thinking, bringing all facets of public services together to deal with issues jointly;
- Working with the voluntary and community sector;
- Behavioral insights;
- Market engagement and development;
- Alternative funding models, such as social impact bonds;
- Joint commissioning across organizational boundaries;
- New models of delivery, such as mutual and joint venture companies.

Case study

Commissioning Toolkit

Our commissioning toolkit provides all staff with an easy to use resource for use throughout the commissioning cycle and populated with useful case studies, links and templates to share learning and achieve greater consistency in practice. The toolkit will continue to evolve to reflect best practice and thinking.



To ensure our approach to commissioning is embedded, we have also provided access to a new commissioning toolkit and additional training.

From April 2016, courses will be available on:

- Commerciality
- Commissioning for outcomes
- Co-production
- Contract and supplier management
- Market development
- De-commissioning.

We are currently developing an introduction to commissioning eLearning suite that all staff will be required to complete, so that they have a common understanding of what commissioning means and how this impacts on their day-to-day activities.

To help share best commissioning practice a series of informal training – ‘lunch and learn’ sessions have been scheduled for all staff across the council.

As we continually strive to be more commercial and to leverage the skills that many of the private sector companies across Leicestershire can bring, we are in active dialogue about setting up further opportunities to share best practice from the private sector.

Next steps

We set ourselves some ambitious targets within the strategy and whilst significant progress has already been made, we will not relent in our efforts. We recognise that this is a 4 year strategy and this first year is just the beginning of our journey.

As the financial pressures show little sign of abating and demand for our services continue to rise, the challenge for our commissioners is to continue to do more but with less, making best use of all resources available. We will continually share good practice and ensure our staff are developing so that they are well equipped to achieve our commissioning goals.

Over the next 12 months, we will continue to drive action plans targeted at implementing our key commissioning principles. Specifically, we will:

- Continue to work on embedding a robust commissioning approach across the authority
- Focus on entrenching better, more consistent approaches to supplier and contract management
- Develop a more commercially focused culture.

We will continue to report our progress in achieving our goals to the Corporate Management Team and ensure we are focusing our efforts on the areas that have the biggest impact.