

MEETING :	CABINET
DATE:	14 MARCH 2013
TITLE OF REPORT:	COMMISSIONING AND COMMERCIAL STRATEGY 2013-2016
REPORT BY:	HEAD OF COMMERCIAL SERVICES

1. Classification

Open.

2. Key Decision

This is not a key decision.

3. Wards Affected

County-wide.

4. Purpose

To ask Cabinet to approve the new Commissioning and Commercial Strategy which sets out the Council's approach to Commissioning, Procurement and Contract Management and our future strategic commissioning and commercial objectives to support the delivery of Corporate Plan priorities.

5. Recommendation(s)

THAT:

- (a) Cabinet approves the new Commissioning & Commercial Strategy 2013-2016 (Appendix A)**

6. Key Points Summary

- The Strategy is intended to increase the Council's capability to operate as a Commissioning Organisation to secure better outcomes for residents.
- The document builds on the Commercial Strategy approved by Cabinet in July 2010 and sets out the Council's approach to Commissioning, Procurement, Contract Monitoring and Management.

- It supports the Council's key strategic priorities of **supporting residents to remain independent and lead fulfilling lives**, and also **create and maintain a successful economy**.
- It sets out the Council's Key Commissioning Principles of:
 - **Outcomes** - we will focus on **Commissioning for Outcomes** rather than commissioning of services, using the assessment of needs in *Understanding Herefordshire*.
 - **Monitoring** – we will apply a robust contract and supplier monitoring and management regime to ensure benefits realisation and maximise continuous improvement.
 - **Self-reliance** – we will work with residents, service users, volunteers and voluntary groups, community bodies, business and our partners to help people to be more self-reliant, devolve services and build stronger communities.
 - **Local delivery** – we will focus on community engagement, service delivery and public access in our nine localities, working with parish councils, local businesses and the third sector.
 - **Valued Services** – we prioritise services that deliver outcomes for a better Herefordshire and focuses on vulnerable groups.
- The strategy sets out a methodology to undertake strategic commissioning and decommissioning across the Council.
- It promotes the implementation of the Category Management approach to Procurement.
- It includes the implementation of a single, common principles approach to Contract Monitoring and Management to ensure a continued focus on costs and quality throughout the life of contracts.
- It incorporates a local supplier engagement programme to drive increased use of local suppliers and the implementation of principles to support economic, social and environment wellbeing of the county of Herefordshire.
- It includes Delivery Plans for Strategic Commissioning and Commercial projects which will use to monitor and manage process of the strategies ambitions over the next three years.

7. Alternative Options

- 7.1 There are no alternative options, although Cabinet could agree different principles and priorities for the Strategy.

8. Reasons for Recommendations

- 8.1 The Council faces increasing significant financial challenges with reduced budgets and increasing demands. This strategy is a key mechanism to address these challenges.

9. Introduction and Background

- 9.1 This report asks Cabinet to approve the new Commissioning and Commercial Strategy which is recommended by the Council's Leadership Team and the Commercial Board.

10. Key Considerations

- 10.1 The draft Commercial Strategy is attached. The key recommendations in the Strategy are to adopt the Strategy as the basis of strategic Commissioning and Commercial activity across the Council.

- 10.2 The key purpose of the Strategy is to:

- Support the Council's aim to be a strategic commissioning authority.
- Secure Member and Officer commitment to excellent Commissioning and Commercial practice.
- Put the needs of service users, residents and community groups at the heart of its decision making.
- Help align commissioning, decommissioning and commercial strategies across all service areas and promote this as a driver for transformational change.
- Promote the Council as an enabler and commissioner of services that challenges existing methods of service delivery and looks for innovative approaches.
- Encourage long term and collaborative service planning of commissioning, decommissioning and procurement projects.
- Promote market development & market shaping to meet the future needs of the Council
- Positively contribute to delivering value for money and efficiency improvements through procurement of excellent and cost effective services.
- Continue to drive value for money through the life of contracts by effective service planning and robust contract monitoring and management.
- Support the Council's objective to develop new service delivery models through engagement with parish councils and community groups.
- Support the Council's objective to develop the ability of the voluntary and community sector and local businesses to compete for local contracts and projects.
- Promote responsible and sustainable procurement that balances and supports the Council's local economic, social, and environmental priorities.

- 10.3 Central to the Strategy are two delivery plans:

- Delivering the Council's objectives in becoming a Commissioning Organisation
- Delivering the Council's key Commercial priorities over the next three years

- 10.4 The Delivery Plans will inevitably change over time and will be regularly monitored and reviewed by the Commercial and Commissioning Board. In addition, the Delivery Plans will be formally reviewed each year as part of the Corporate Plan and medium term planning processes.

- 10.5 Implementation of the Strategy will be overseen by the Commissioning and Commercial Board. The Board will ensure regular and appropriate information is provided to the Cabinet, the lead Cabinet Member for major contracts, the Leadership Team and Directorates.

11. Community Impact

- 11.1 The Council spends significant sums of money with local suppliers. The new Commissioning and Commercial Strategy includes the objectives to develop and implement a local supplier development programme which includes working with key partners such as the Chamber of Commerce, local voluntary sector support organisations to help support the Council's key priority to **create and maintain a successful economy**.

12. Equality and Human Rights

- 12.1 There are no direct Equality and Human Rights implications arising from this report. However, impact assessments are a fundamental part of the Council's commissioning framework and are undertaken for each project.

13. Financial Implications

- 13.1 There are no direct financial implications arising from this report.

14. Legal Implications

- 14.1 The Council's Contract Standing Orders will be reviewed and updated to reflect this strategy.
- 14.2 Legal support will be required for the procurement projects identified in pages 21 to 28 of the strategy document.

15. Risk Management

- 15.1 A risk exists in the recruitment of suitable professional commercial resources within the Commercial Services function to lead this strategic transformation. A number of activities are being undertaken to manage this risk, including a flexible approach to resourcing, growing our own and collaboration with other councils.

16. Consultees

- 16.1 The views of the Council's Leadership Team and Commissioning & Commercial Board have been incorporated into this strategy.

17. Appendices

- 17.1 Appendix A - Commissioning & Commercial Strategy 2013-2016

18. Background Papers

- 18.1 None