

LOCALITY COMMISSIONING

1. Purpose of this Report

- 1.1 To seek approval to establish a Locality Commissioning Board which would provide the governance and decision making mechanism for a single commissioning process to allocate funding to organisations which serve Lichfield District residents
- 1.2 To seek approval for the related terms of reference

2. Background and context

- 2.1 Public sector organisations have budgets which are used to fund mainly the third / not for profit sector in a range of ways under a range of agreements (contracts, SLAs etc); some third sector organisations receive funding from a variety of public sector sources (and potentially to do the same or similar things). From time to time, concerns have been raised about potential duplication in the way this funding is allocated. Some attempts have been made to mitigate this (eg. involving partners in making recommendations for the allocation of LDC SLA funding in 2011) but these have been ad hoc and one off
- 2.2 In 2014/15, at least £360k is being invested, mainly in the not for profit sector in Lichfield District using 1- 3 year revenue streams. This investment comes from LDC, SCC, the local Clinical Commissioning Group and the Police and Crime Commissioner for Staffordshire. Each public sector organisation uses a separate process to allocate the funding but it is often the same organisations who receive most of the available funding.
- 2.3 In February, the Staffordshire Health and Wellbeing Board asked Tony Goodwin (CX, Tamworth BC) to lead a task and finish group to a) articulate the role of district / borough councils and their LSPs in the delivery of the Health and Wellbeing Strategy outcomes and b) develop a governance arrangement with robust lines of accountability. Tony has now completed this piece of work and his report is available from <http://modern.gov.staffordshire.gov.uk/ieListDocuments.aspx?CId=816&MId=5147&Ver=4>.

The recommendations set out in the report have been supported by the HWB Board at their July meeting. One of the recommendations is that **District / Borough Councils in Staffordshire commit to the establishment of Locality Commissioning Boards (LCB)**. The purpose of a LCB is *“to achieve wellbeing outcome measures locally through the collaborative commissioning of services and activities designed to influence, invest and intervene in local improvements”*. The proposal to establish LCBs was subsequently supported by the Staffordshire Chief Executives Group.

- 2.4 Lichfield District Board received a paper in March setting out the underpinning principles to a locality commissioning approach (so that public sector partners can better co-ordinate our decisions on what our main goals are and how we use our resources to achieve them). Many of our goals are the same as we all want a healthier, happier, safer and independent community living within a prosperous District. The Board subsequently received a presentation from Tony Goodwin at the June meeting and gave support in principle to implementing a locality commissioning approach in Lichfield District.

3. Current Position

- 3.1 The County Council's public health team has already started to devolve funding; the District Board received reports on a Food Poverty and Health Grants Scheme (value £8k) and the Public Health Commissioning Prospectus (value £64k) at the March and June meetings and further funding is expected to be received into 2015 – 18 enabling three year agreements to be made at a value of at least £210k
- 3.2 The Police and Crime Commissioner has provided Locality Deal funding of £72k and the Board approved how this was distributed at their March meeting. The PCC has already signalled his intention to continue funding for three years 2014 – 2017 with a value of £140k to come from the Locality Deal Fund which is already delegated to local control
- 3.3 The District Commissioning Lead (SCC) has delegated responsibility to spend reward grant (Troubled Families) and has indicated a desire to co-commission activities to reduce worklessness in the District.
- 3.4 The above funding streams are allocated to LDC as the 'accountable body' for the Lichfield District Board; they are held and managed separately from LDC's revenue budget
- 3.5 The CCG has agreed in principle to allocate their third sector funding in a collaborative way in order to meet people's aspirations and preferences to remain living independently at home for as long as possible and prevent the need to for admissions to hospital or residential care. They would also support using LDC as the accountable body / conduit for their funding in future.

4. Locality Commissioning

Commissioning Priorities

- 4.1 Using the available evidence base such as the local Joint Strategic Needs Assessment, Community Safety Profile, Health Profile etc, partners are currently in the process of identifying what are the most important / pressing needs of the local population and what type of services, activities and projects could be commissioned / bought through a shared locality commissioning approach which would best meet these needs
- 4.2 From discussions so far with partners, the following shared aspirations for our community have emerged:
- A community which is prosperous
 - A community which is healthy
 - A community which is independent
 - A community which is safe

Underpinning these aspirations, we want to pursue the following principles for locality commissioning and would expect applications for funding to demonstrate how they will address them:

- A focus on outcomes that are based on need
- To co-produce solutions with communities
- To encourage volunteering
- To reduce demand on public services and create independence
- To focus on preventing problems rather than reacting to them
- To encourage early intervention
- To reduce social isolation and increase community capacity
- To raise aspiration, employment and prosperity
- To achieve scaled up interventions that have a real effect on communities

Commissioning Process

- 4.3 The ambition of partners (SCC public health, CCG, LDC and police) is to run an initial commissioning / procurement process using a single set of commissioning priorities and outcomes during autumn 2014. Not all partners will want to invest in every commissioning priority and budgets will continue to be dealt with separately so there is a clear audit trail for each partner organisation
- 4.4 It is proposed that tenders will be invited based on final specifications that have been agreed by the LCB. Depending on the levels of the tender values this could involve procurement in accordance with EU regulations. The methodology for the assessment of the tenders will also require to be approved by the

Commissioning Board and agreement on who and how the assessment will be undertaken. The Commissioning Board would approve the final tenders to be awarded which will be subsequently reported to the District Board and the individual commissioning organisations / funders. The LCB will continue to have a monitoring role in relation to the achievement of the outcomes.

- 4.5 Depending on the nature of the tender, a lead partner will be appointed to take responsibility for the procurement process, detailed SLA / contract management and performance reporting on behalf of the LCB. The lead party to each Agreement may vary eg. the District Council may lead on a tender for income maximisation whereas the County Council – public health may lead on a tender for lifestyle services. This will help to share the responsibility and workload between the partners.

A practical example:

The County Council is about to tender for the provision of a support service to enable older people to continue to live independently in Lichfield District (value is £23,750 per year for 3 years). The desired outcomes of this tender are very similar to the District Council's aspirations to 'help vulnerable people remain healthy, safe and independent in their own homes and neighbourhoods' (indicative value is £20k per year for 3 years). The procurement timescales are similar as both commissioners wish to let the contract @ April 2015. Consequently, this would be a good opportunity to bring these processes together and run a single procurement exercise with a value of £43,750 per year. The County Council would lead the tender process (drafting the tender notice, preparing specification, advertising the tender opportunity and detailed performance management) however the LCB would assess bids, decide on the successful provider and maintain an overview of performance management of the SLA / contract.

- 4.6 The time spent in carrying out the commissioning process needs to be proportionate to the level of funding available. Each partner has some officer resource used for commissioning services; the challenge will be to bring these resources together and get collective benefit and reduce duplication.

Governance

- 4.7 At present, there are different governance regimes used by the public sector organisations above. For example, the District Board approves spend on public health commissioning and has delegated authority to the County Council's District Commissioning Lead to make decisions about troubled families reward grant. The Board also signs off proposed expenditure of the PCC's Locality Deal Fund. The District Council's Cabinet makes decision about investment in the community and voluntary sector and the CCG's Governing Body decides how their funding will be allocated. When decisions are made in different places, there is greater risk of gaps or duplication occurring. By streamlining decision making into a single place, there is also the potential to strengthen relationships between partners so that they operate in a mutually supportive and complimentary way.

- 4.8 This report proposes establishing a multi agency Locality Commissioning Board (LCB) for Lichfield District. The Board would be the conduit for as many commissioning decisions as possible where an investment is to be made within the District. Commissioning organisations would be able to opt into using the locality commissioning process as a way of allocating funding within the District; there is no statutory requirement for any partner to be involved, participation is purely voluntary. The LCB would be available to deal with funding opportunities as they arise; these might be planned in advance or a one off local or national initiative. It is anticipated that the value of services commissioned within the District will increase as experience and confidence in the process grow. Owing to the multi agency nature of locality commissioning, the LCB needs to be formally established by the District Board, hence this Special Meeting. The LCB would be comprised of representatives of the public sector commissioning partners (including at least one elected Member) and it would make decisions on a consensus basis. Terms of reference are attached at **Appendix 1**.

Funding

- 4.9 Partners are now doing some more work to clarify exactly what funding streams we can deploy within a locality commissioning approach from April 2015; this will include:

- LDC contribution @ £177k per year for three years
- OPCC contribution @ £72k per year for two years
- SCC contribution (supporting independence for older people) @ £23k per year for three years
- SCC contribution (public health) – to be confirmed
- CCG contribution – to be confirmed

4.10 It is intended that Lichfield District Council continues to be the accountable body for the District Board and therefore for the Locality Commissioning Board. This means that all income received from partners for the purpose of locality commissioning (which will be held separately from the LDC revenue budget) will be subject to the District Council's financial policies and procedures

4.11 Although it is anticipated that the principal recipients of the locality funding budget will be the community and voluntary sector, the locality commissioning model will have the scope to commission from statutory sector or other providers. Public health and PCC funds are currently invested in statutory sector organisations in addition to third sector organisations. Consequently, it will need to be made clear within tender notices which are to be restricted to third sector organisations only.

5. Locality commissioning – an opportunity

5.1 **The principal opportunity is one of influence over the decision making of other partners so that between us we may be able to make a greater impact on an issue or problem than if we each tackled it independently**

5.2 By using the same mechanism for locality commissioning - both planned and opportunistic- we can take a more strategic approach to investment decisions in the knowledge of what has been previously been invested where and for what purpose and what outcomes have been achieved.

5.3 Public sector resources are reducing and there is a growing expectation that the voluntary and community sector will compensate for this / step into the gap. Although the local third sector in Lichfield District is strong and vibrant and provides a range of excellent services, it needs encouragement and support to meet the challenges of the future. Partners have commented that the same organisations come forward time after time when funding is available. It is likely that greater effort needs to be put into shaping the voluntary sector so it is able to be more flexible and creative. Such 'shaping' can best be achieved if the public sector works together

5.4 However, the opportunity for our Partnership (and our community) has to be caveated with several 'ifs, buts and maybes'; going forward with this piece of work is a leap of faith for us all. It may be the start of a fundamentally new way of working where many more services are commissioned jointly, it may be a damp squib...but given the current financial climate and the commonality between our respective agendas and aspirations, we are recommending that we test the model out

6. Risks

	Risk Description	Likelihood / Impact	Status	Countermeasure
A	Limited resources to undertake and oversee the Joint commissioning process	Medium/Significant	Partnership/Contractual	Regular partnership engagement and close monitoring of projects by the Commissioning Board
B	Failure to reach agreement on priorities for funding	Medium/Significant	Partnership/Contractual	Term of reference of Commissioning Board and its ongoing management
C	Availability of future funding to meet commissioning commitments	Medium/Significant	Partnership/Contractual	Regular review of the terms of reference of Commissioning Board and its ongoing management, especially in the early stages

7. Recommendations

- 7.1 To approve the establishment of a Locality Commissioning Board for Lichfield District
- 7.2 To approve the terms of reference attached at **Appendix 1**
- 7.3 To endorse Lichfield District Council as the accountable body for the purpose of locality commissioning and note that all income received from partners for the purposes of locality commissioning will be managed in accordance with the Council's financial policies and procedures
- 7.4 To receive a progress update on Locality Commissioning at the March 2015 meeting of the Board

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LICHFIELD DISTRICT LOCALITY COMMISSIONING BOARD

TERMS OF REFERENCE

1. Purpose

To oversee public sector commissioning in Lichfield District and to make investment decisions on behalf of Lichfield District Board using funds delegated to it by public sector partners

2. Function

The Board will:

- Ensure joined up and collaborative approaches to public sector commissioning for Lichfield District
- Identify and agree joint commissioning priorities and outcomes for Lichfield District
- Consult with the Community and Voluntary Sector on priorities and outcomes identified where appropriate
- Ensure fair and transparent processes in the commissioning cycle which includes: needs analysis / assessment, tendering and procurement, decision making, contractual agreements and monitoring and evaluating the impact and outcomes achieved by commissioned services
- Identify a lead commissioning partner for each funding stream or priority outcome.
- Determine the type and value of funding or assistance to be given
- Hold lead commissioning partners to account for the commissioned services that they are the lead partner for.
- Make decisions on the allocation of funding and resources that partners wish to include in the locality commissioning framework.
- Ensure that funding is used to improve outcomes for the residents of Lichfield District.
- Monitor and review the performance and delivery of services by the Board
- Report to relevant bodies including the Lichfield District Board and funding partners as and when required
- Challenge partners and service providers to deliver quality outcomes
- Meet three times a year or as required

3. Membership

The Commissioning Board will consist of the following:

Full members:

- Cabinet Member for Community Housing and Health, Lichfield District Council
- Strategic Director of Community, Housing & Health Lichfield District Council
- District Commissioning Lead (Lichfield) for Staffordshire County Council
- Locality Public Health Partnerships and Commissioning Lead for Staffordshire County Council
- Chief Operating Officer, South East Staffordshire and Seisdon Clinical Commissioning Group

- Economic Development and Enterprise Manager, Shared Service – Tamworth and Lichfield
- Local Policing Team Commander, Staffordshire Police

Substitutions will be allowed.

Advisory members:

The following may attend the Board for specific items:

- Other members of the District Board eg. representatives from Fire and Rescue Service, Business and Economic Partnership, Community and Voluntary Sector, Staffordshire College etc as appropriate
- Officers of partner commissioning organisations

4. Decision making

It is expected that the majority of decisions will be reached by negotiation and consensus. On the rare occasions that this is not possible, an agreed process of moderation will be used.

5. Quorum

A minimum of 4 (51%) of Board members represents a quorum which must include a representative from Lichfield District Council

6. Chair

The Chair will be Cabinet Member for Community, Housing and Health, Lichfield District Council. In the absence of the Chair, a Chairman will be appointed from those present at a meeting of the Board

7. Probity and Declaration of Interest

It is possible that any of the commissioning organisations represented on the Board may wish to tender for a contract being offered through the locality commissioning process. Should a member of the Board or adviser to the Board recognise that a conflict of interest may arise, they must advise the Board via the Chairman as soon as possible. Depending on the nature of the potential conflict of interest the Board may decide that there will be no further involvement by that member or adviser in that particular matter. All such conflicts must be documented and made available for scrutiny to ensure probity and transparency of decision making

A record will be made of the business undertaken by the Board will be reported to the District Board as a standing agenda item.

8. Key Relationships and Accountabilities

The business of the Board will at all times be conducted openly and transparently and the decisions of the Board will be based upon the principles of consultation, consensus and sustainability.

Decisions made by the Board will not affect existing lines of accountability. Partners will remain responsible and accountable to their own organisations and any decisions on their service and use of resources must be made and reported in accordance with the requirements of their own governance structures

The business of the Board and decisions made will be reported to the Lichfield District Board and be published on the District Board’s website (managed by LDC).

**Draft for approval by the District Board
September 2014**