

Committee(s):	Date(s):
Community and Children's Services – For information	11052017
Subject: Biannual commissioning update	Public
Report of: Director of Community and Children's Services	For Information
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Summary

The Commissioning team in the Department of Community and Children's Services (DCCS) leads on the key functions of the commissioning cycle (analysis, plan, do, review) and procurement functions for most contracts within DCCS. The team produces an annual sourcing plan for new contracts, which is reviewed quarterly.

The team holds a Service Level Agreement (SLA) with the City Procurement team, which was recently reviewed. It concluded that the current arrangements should continue in 2017/18 with some small procedural changes such as adopting similar forms and sharing of information.

Internal Audit reviewed the commissioning and contract management arrangements of DCCS in March 2017 and gave positive feedback in several areas, including compliance with National Audit Office best practice principles of commissioning. It gave recommendations to strengthen the processes, some of which were already identified or within the remit of the Comptroller's team. All audit recommendations are within the Commissioning team's plan for 2017/18.

Recommendation(s)

Members are asked to:

- Note the report.

Main Report

Background

1. The Commissioning team in the Department of Community and Children's Services (DCCS) was created in April 2016 as part of the restructuring of the commissioning and performance functions in the department. The team leads on the key functions of the commissioning cycle (analysis, plan, do, review) and procurement functions for any contracts below Official Journal of the European Union (OJEU) levels (for more details, see paragraph 4)

Current Position

2. The Commissioning team's work is supported by three plans: an improvement plan, a sourcing plan and a contracts register (for contract management). The improvement and sourcing plans are developed annually, and updated and reported to the Departmental Leadership team (DLT) quarterly. Both are developed in consultation with frontline services.

Sourcing plan

3. The sourcing plan documents the projects which will be taken through any part of the commissioning and procurement cycle in 2017/18, except for contract management which is classed as business as usual. The 2017/18 plan is attached at Appendix A and includes any reviews that need to be completed to extend a contract. The end-of-year (Quarter 4) review of the 2016/17 sourcing plan is attached at Appendix B.

Service Level Agreement (SLA) review

4. City Procurement leads on procurement activity for all City of London Corporation (CoLC) departments except DCCS, which has an SLA to determine the roles and responsibilities of both departments. In 2016/17, the DCCS Commissioning team led on all procurement activity below the OJEU threshold for supplies and services (£164,176 rising to £589,148 for any services falling within the Light Touch Regime, including social care and other specific services). City Procurement led on contracts above these thresholds, and the Director of DCCS chairs the Category Board for the services. DCCS also works with the Comptroller and City Solicitor, who are responsible for the development of contract terms and conditions. The current SLA is available on request.
5. A review of the current SLA highlighted processes that could be improved to strengthen the good working relationship between the departments. The processes include:
 - **maintaining the contracts register** using the format that fits City Procurement requirements.
 - **adopting City Procurement processes and forms** to document the procurement decision making so that DCCS processes mirror those of City Procurement. This will also document the savings made on procurements.
 - **sharing operational procurement plans with City Procurement** to allow City Procurement sufficient time to review capitalEsourcing (the electronic procurement portal) documentation before it is published.
 - **sending options appraisals** for contracts worth more than £100,000 to the Category Board for approval.
6. Various options were discussed as a result of the review, including City Procurement or DCCS taking on all procurement functions. It was agreed that

the current thresholds will remain for 2017/18 and be reviewed again for 2018/19 in light of the integrated commissioning arrangements with the City Hackney Clinical Commissioning Group (CCG).

Internal audit

7. An internal audit of the commissioning and contract management function within DCCS took place during March 2017. There was positive feedback on a number of areas including:
 - a. There are established arrangements to ensure that commissioning activity is completed in line with the eight National Audit Office best practice principles.
 - b. Clear arrangements are in place for contractor performance monitoring to ensure that procedures in operation comply with those specified in the contract for the supply of services and outcomes.
 - c. Audit sample testing determined that there are controls to ensure that financial transactions are in accordance with contractual agreements and are subject to monitoring against budget.
 - d. There is evidence of a sound control environment regarding the production and reporting of management information, including performance monitoring, budget monitoring and action plans to rectify poor performance.
8. A number of recommendations were made to strengthen the commissioning and contract management functions. Some of these were planned before the audit and some are outside of the direct control of DCCS. The recommendations and a summary of the DCCS responses or actions are shown below.

Recommendation		Summary DCCS response/action
1.	The production of a commissioning prospectus for Housing and the finalisation of the commissioning guide for the department.	Both were actions within the 2016/17 improvement plan. The Housing prospectus will follow once the housing strategy has been developed. The commissioning guide has been timetabled for completion after the training of frontline teams.
2.	Review of the SLA between DCCS and City Procurement.	This was under way before the audit started, and comments from the audit have been included in the review.
3.	A signed contract in place with third-party providers before service commencement.	All draft terms and conditions are included as part of the tender process on capitalE sourcing. Bidders must confirm that they accept these as part of their submission. DCCS has requested Comptrollers and City Procurement to strengthen the standard award letter by reiterating this requirement to facilitate

		expedition of signing and reduce queries after tender award.
4.	All contracts to include clauses regarding business continuity arrangements and exit plans.	DCCS has requested Comptrollers to include these clauses within standard CoLC contract documentation.
5.	Variations to contracts to be formally agreed before the effective date of the change.	An explicit action will be included in the Gantt chart and commissioning guide to guide team members to allow appropriate time for variations to be signed. Officers from the Comptroller and City Solicitor's department will attend quarterly Commissioning team meetings to facilitate resource planning in that team.
6.	Maintain a central record of contract variations in the form of a change control register.	A team change control register with associated guidelines for the Commissioning team will be implemented in line with the new contract management toolkit being drafted by the City Procurement team.
7.	For changes to contract performance monitoring, mechanisms to be documented.	This will be included in the commissioning guide in recommendation 1.

9. The full audit report and DCCS response are included at Appendix C. All recommendations are included in the Commissioning team's improvement plan for 2017/18.

Corporate & Strategic Implications

10. This information report contains no decisions with corporate or strategic implications. Ensuring there are adequate commissioning and contracting arrangements is vital to meet legislative and statutory duties. The SLA, City Procurement, sourcing plans and audit checks all ensure risks are minimised and controlled.

Conclusion

11. There has been good progress against the 2016/17 sourcing plan, and the 2017/18 sourcing plan has been agreed by DCCS. The implementation of

actions from the SLA review and internal audit will strengthen DCCS's commissioning processes.

Appendices

- Appendix A – Sourcing plan 2017/18
- Appendix B – Sourcing plan 2016/17 Quarter 4 update
- Appendix C – Internal Audit report

Background Papers

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