

Commissioning Framework

1. Introduction

What is commissioning?

Public bodies achieve their objectives through a variety of routes, either by carrying out activities directly or by dealing with outside parties. In broad terms this process can be described as 'commissioning'.

The term covers the entire cycle of assessing the needs of people in a local area, designing them, securing a cost-effective service in order to deliver better outcomes.

What is procurement?

When a public body such as Islington Council identifies a need for a service or for the supply of goods it will invite organisations to apply.

Organisations are asked to explain how they will supply what is needed. The council will then select a supplier, and monitor and work with the supplier until the end of the contract.

This is known as public sector procurement.

Procurement includes all activities involved in the process of buying goods, services or works on behalf of residents. The term procurement is used rather than buying or purchasing. Buying and purchasing are parts of the process, but procurement spans the whole cycle from identification of need through to the end of the useful life of an asset.

Good procurement is crucial to providing high quality public services and ensuring that money is well spent. Procurement is a part of the commissioning cycle.

What is the Commissioning Framework?

Our suppliers play a vital role in helping the council to deliver important community services.

Islington Council and NHS Islington value all our suppliers, including third sector organizations, for their public awareness of the needs of our community or groups within it and their ability to help us deliver services which address these needs. We recognize that funding is an important component of the relationship between the statutory sector and the third sector, particularly local voluntary, community and faith sector organisations..

The Islington Compact sets out how local statutory and voluntary sector bodies and organisations agree to work together to improve the quality of life for our residents in various ways.

This Commissioning Framework has been jointly developed and endorsed by Islington Council and NHS Islington to set out the process we will undertake to ensure we meet our commitments under the Islington Compact when commissioning services. The Framework is aimed at those who commission services and those who are interested in providing them.

Who does it apply to?

Although the Framework is not compulsory it is considered to be **binding by default**. This means that commissioners should adhere to it unless there is a good reason not to (for example legislative or specific funding guidelines), and be able to use it to provide a rationale for their decisions.

The Framework applies to all commissioning - whether of services provided in the third sector, private sector or internally. The basic principle is that services should be delivered by those organisation(s) that are best able to demonstrate that they meet the criteria and offer the best option to deliver that service.

The Commissioning Framework provides information for commissioners and organisations to ensure that there is a shared understanding of what we mean by commissioning and the various stages of the process. It aims to demonstrate the standards that should be applied to ensure openness ; transparency and value for money at all times.

How will it do this?

The Framework is made up of two distinct parts:

- A set of **principles** that will enable commissioners to make decisions **in the interests of the community**, based on the value of projects over the whole life of the contract (section2) and
- A clear explanation of the **commissioning cycle** and the **processes** that support the cycle, making them clear for suppliers and partners, promoting consistency and transparency in our approach to commissioning. It will help outline the expectations of commissioners, partners and suppliers at each stage of the commissioning cycle (section 3).

There is also a brief glossary of terms and links to other useful documents (section 4).

2. Principles of Commissioning

When developing specifications and when making their final decisions, commissioners should be guided by the following three principles:

- The need to deliver services that satisfy the needs of the community that will use them, and the outcomes we expect;
- To commission services that provide benefits to the community beyond the actual service provided;
- To recognize that there is value in commissioning services from a variety of suppliers of different types.

Principle	What is the impact of this?	How does this affect commissioners?	How does this affect suppliers?
Satisfy the needs of the community and the deliver the outcomes we expect	All commissioning should contribute to delivery of one or more of our outcomes for Islington – i.e. either those set out in Islington’s Sustainable Community Strategy and / or identified as Corporate priorities.	Commissioners base their decisions on the agreed criteria set out in the specification. These will contribute to the strategic outcomes: <ul style="list-style-type: none"> – When assessing needs, by identifying gaps in current provision in delivering these outcomes; – By ensuring appropriate outcomes are included in specifications; – By tendering and awarding contracts to organizations that best demonstrate ability to cost-effectively address the outcomes in the specification – By monitoring how well projects have delivered against outcomes 	<ul style="list-style-type: none"> – Suppliers should be aware of corporate priorities and use these to inform their submissions – Suppliers should be prepared to be monitored against the outcomes detailed in the specification
Provide community benefits beyond the service provided	‘Community Benefit’ can be defined as: <ul style="list-style-type: none"> – Supporting the local economy – Reducing inequality, child poverty and worklessness in the borough – Encouraging volunteering – Being environmentally sustainable – Reflecting user values and engaging its users and communities – Building community resilience 	Within the constraints of procurement rules and legal implications commissioners should embed these principles into the cycle and: <ul style="list-style-type: none"> – Identify how broader considerations can deliver against outcomes when assessing need – Incorporate these community benefits into specifications when designing services – Embed community benefits in the procurement process, including through specific terms and using them as assessment criteria where appropriate – Encourage suppliers to be innovative and creative in demonstrating community benefit – Use these principles to inform the monitoring and re-commissioning/ decommissioning process 	<ul style="list-style-type: none"> – Suppliers should develop and highlight the ways in which they can demonstrate added value, including the ways listed as examples but with the freedom to demonstrate other types of community benefit – Suppliers should make sure that they have robust and up to date policies and seek support to build capacity if they do not

<p>Commission services from a variety of suppliers of different types</p>	<p>Different types of organisations are encouraged to become providers, both in terms of the size of organisation from Small and Medium sized enterprises through to larger organisations as well as type of organisation including both private and voluntary sector providers.</p> <p>This is encouraged by allowing all organisations to have an equal chance to be able to deliver the outcomes necessary.</p>	<ul style="list-style-type: none"> - Treat the commissioning of services in-house with the same amount of rigour as those which are external - Have a proactive approach to decommissioning and embed it within the commissioning cycle - Have a transparent and consistent approach to commissioning which keeps suppliers, partners and users involved and engaged through clear communication - Support and build the capacity of suppliers through the commissioning process, in particular with small, local and third sector organisations, including full cost recovery where appropriate 	<ul style="list-style-type: none"> - Suppliers should have a flexible approach to commissioning being prepared to work together and form consortia where appropriate
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3. Understanding the Commissioning Process

How are resources allocated?

There are a number of methods by which a service is commissioned, and the type of arrangement upon which the contract is made.

Depending on the size of the contract, commissioning can involve organisations competing for grants, being asked to provide a quotation, or it may involve suppliers being invited to take part in a full tendering process.

All contracts over a certain value must be advertised, and the process becomes subject to European and UK legislation. If an organisation thinks it can provide a service that is advertised, it can apply. This process is called **tendering**. The application you make is called a **tender**.

The table below indicates whether a grant or formal tendering procedure is most applicable to deliver the community outcomes identified.

	Type of Funding	Description	Circumstances when most applicable
Grant	Specific Grant	A financial transfer used to fund an activity because that activity is considered to add value to the Council’s overall aims or objectives.	- One off project or activity - Less certain outcomes - Often, though not always, most relevant to the voluntary and community sector
	Grant-in-aid (Infrastructure grant)	Grant-in-aid is a payment by the Council to finance all or part of the core costs of developing and running an organisation, to support the overall activities of the organisation, rather than any specific project.	- Core costs for strategically important organisations that add value to the locality and/or support others - Organisations may be committing to deliver certain outcomes or improved services to qualify for the funding, but funding agreements are likely to have fewer restrictions than in contracts.
Procurement	Contractual payment	Contracts for the acquisition of goods or for the provision of services on behalf of the Council lead to a legally binding relationship between the parties and usually follow a competitive procurement process.	- Statutory or required service - Intent to be legally binding - Monitoring arrangements apply - Key Performance Indicators (KPI’S) - European Law/UK legislation and procurement rules apply

Types of tendering procedures

There are two main types of tendering procedures we use:

- **Open procedure** – any organisation can submit a tender in response to an advertisement, and all those who meet the criteria will be assessed.
- **Restricted procedure** – any organisation that expresses an interest in response to an advertisement must submit a completed “Pre-Qualification Questionnaire” (PQQ), contained within an application pack. Only short-listed organisations from the PQQ stage are invited to submit a tender.

More information on procurement processes can be found in Islington Council Procurement rules

The Commissioning Cycle

Commissioning follows a regular and continuous cycle, with monitoring and evaluation feeding into the assessment of needs in the next cycle. It also includes the process of decommissioning which should ensure that resource allocations align with changing needs and priorities.

Organisations often play two distinct roles in the commissioning cycles as partners and as suppliers and can function as both:

- **Partners** are involved in the assessment of needs, design of services as well as the monitoring and evaluation. They represent service users, sometimes representing their specific clientele but sometimes acting as representatives for an entire section of the community (including those who do not use their service).
- **Suppliers** (sometimes known as service providers or vendors) are involved in a contractual relationship with the commissioning body (with the exception of some grants) whereby their capacity to deliver is assessed through more or less formal procurement processes depending on the size of contract. They are then monitored against outcomes.

What does the cycle look like?

This is a very basic version of the commissioning cycle, cut down to its essential elements. There may be additional stages depending on the type of service being commissioned, however all commissioning cycles should include these stages as a requirement. In particular this relates to the need for monitoring and evaluation to feed into the needs assessment, as well as the importance of incorporating decommissioning within this cycle.

It is important to understand that decommissioning a service is an important part of the considerations that make up this cycle. De-commissioning can happen at any point in the cycle as a result of changing priorities, new evidence of what works, or changes to funding circumstances that make it necessary to review current provision.

The table below sets out the four stages of the commissioning cycle in more detail, including the role and expectations of both commissioners and providers / suppliers, together with any legal requirements.

The Commissioning Cycle				
Stage of the Cycle	Activities	Roles of Commissioners	Roles for Partners and Suppliers	Brief Legal / National guidance / implications
Assessing Needs	<ul style="list-style-type: none"> - Mapping of services - Identification of gaps in provision - Identification of priorities and the outcomes they will address 	<ul style="list-style-type: none"> - Engaging service users and local partners in assessment of need - Coordinating and where possible combining needs assessments in order to ensure they are comprehensive and avoid 'consultation overload' 	<ul style="list-style-type: none"> - Involvement as partners providing insight based on expertise and acting as a representative for service users 	
Strategic planning and design of services	<ul style="list-style-type: none"> - Plan for services, workforce and facilities - Identify different options in meeting needs and provide specification - Decide on commissioning/ decommissioning 	<ul style="list-style-type: none"> - Services are designed to deliver against outcomes - Engagement with potential and existing suppliers (as well as service users where appropriate) well in advance of procurement - Recognise where there are potential conflicts of interest where organisations act as both partners and potential suppliers - Ensuring that the specification is clear and embeds the principles of community benefit with weighting where appropriate 	<ul style="list-style-type: none"> - Involvement as partners representing needs of service users - Partners to recognise their role as representatives of both the broader community and of other smaller organisations who may not have the capacity to participate - Involvement as supplier providing expertise - Consider options for forming consortia 	<p>All services must complete Equalities and Environmental Impact Assessments, before the specification is completed</p> <p>Where a new contractor takes over an existing service employees affected may be covered by the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE)</p>
Securing services (including tendering and contract award)	<ul style="list-style-type: none"> - Procure services against specification in line with procurement rules - Where formal procurement is not required allocation of services or grants in line with pre-defined criteria 	<ul style="list-style-type: none"> - Follow procurement rules according to the value of the contract (based on bands) covering the whole life cost of the contract - Complete Risk, Equality and Sustainability Impact Assessments - Include key performance indicators and monitoring within contract specification - Provide capacity building where appropriate to suppliers and advertise appropriately in order to ensure a level playing field and consistency within commissioning - Provide realistic timescales including responding to organisations within appropriate timescales - Evaluate tenders according to criteria laid out in advert and specification 	<ul style="list-style-type: none"> - Suppliers need to develop sound business case and bid with support if necessary from capacity building organisations. - ensure appropriate policies, monitoring and management systems are in place - apply as a Consortia if appropriate 	<p>Tenders can only be awarded against the following criteria:</p> <p>Lowest cost where all bids that meet the defined specification are detailed in the tender documents and supplier with the lowest price is awarded contract. No other consideration is required.</p> <p>Highest income where payment is to be received by the council, e.g. sale of items, contracts are to be awarded to the highest bidder.</p> <p>Most economically advantageous tender- where value for money considerations apply. This means to achieve the right balance between quality and</p>

				price in order to achieve economy, efficiency and effectiveness. Advertisement on London Tenders Portal or Official Journal of the EU required based on value band of contract. European laws take precedence, followed by UK law then council policy
Monitoring, evaluating and challenging	<ul style="list-style-type: none"> - Performance monitoring against Key Performance Indicators as outlined within contracts and Service Level Agreements - Review and use findings to inform needs assessment and continuous improvement 	<ul style="list-style-type: none"> - Differentiate between supplier and partner relationships - Ensure clarity of expectations alongside clear evaluation process and success criteria - Monitor in a proportionate and intelligent way which provides genuine feedback 	<ul style="list-style-type: none"> - Suppliers subject to contract and performance management to ensure delivery against key performance indicators - Partners to provide qualitative and quantitative user feedback 	Council procurement rules require at least one contract review per year

De-commissioning				
Stage of the Cycle	Activities	Roles of Commissioners	Roles for Partners and Suppliers	Brief Legal and National guidance and implications
De-commissioning or End of Contract	<ul style="list-style-type: none"> - Map services - Plan future delivery -Equality impact assessments 	<ul style="list-style-type: none"> -Consider whether to extend, re-commission or de-commission depending on need, available resources and legal requirements. - Consider gaps in service provision and whether existing services are best placed to address these. - Arrange variation to contracts or re-procurement where intention is to re-commission same or similar service 	<ul style="list-style-type: none"> - Suppliers to provide feedback on services, and performance information - Partners to input into supplier's consultation on needs analysis and impacts of service coming to an end 	<ul style="list-style-type: none"> - To provide 3 (three) months notice wherever possible or amending contractual obligations to support providers in phasing out of the services e.g. redundancies. - To ensure proper legal contracts are in place and activities suitably documented.

4. Glossary

Term used	What it means
Compact	An agreement that describes how local statutory sector bodies (such as the council) and third sector organisations will work together as partners to promote the social, economic and environmental well being of everyone in Islington.
Consortia	An association of two or more individuals, companies or organisations with the objective of acting together for the purposes of a single project
Full cost recovery	This process is 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	Indicators which help commissioners to measure the performance of suppliers against their contractual obligations
Outcomes	The results or impact of a planned activity or intervention on residents
Procurement rules	Islington Council has a legal requirement for a set of standing orders which they call their Procurement Rules. These govern the way public money is spent which the Council is legally obliged to follow.
Service Level Agreement (SLA)	The part of a contract which specifies the services to be delivered.
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 offer to 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.
Third Sector	Organisations set up for charitable, social, community or environmental benefit, rather than for profit and which are independent of statutory bodies
TUPE	The Transfer of Undertakings (Protection of Employment) Regulations 2006 is the main piece of legislation governing the transfer of an undertaking, or part of one, to another. The regulations are designed to protect the rights of employees in a transfer situation enabling them to enjoy the same terms and conditions, with continuity of employment, as formerly. TUPE 2006 entirely replaces the Transfer of Undertakings (Protection of Employment) Regulations 1981.
Voluntary and Community Sector (VCS)	Often referred to as the third sector, this refers to registered charities as well as non-charitable, non-profit organisations, associations and community groups.
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

5. Useful Documents

[The Islington Compact](#)

This sets out how local statutory and third sector bodies and organisations agree to work together to improve the quality of life for our residents.

Procurement Guidance

For Partners and Suppliers

[Procurement rules](#)

The council approved the new procurement rules in January 2010. They are the rules the council must follow when spending council money on goods, services and works. They are accompanied by [Green Procurement Rules](#) and [Equalities in Procurement](#) guidance.

The council has also produced a [Selling to the Council Guide](#) as well as [Tips for Suppliers](#) and a **Tender Resource Pack** to help with the completion of tenders and PQQs.

There is also an easy read version of the Tender Resource Pack available.

For Commissioners

(available from Strategic Procurement Team)

Guidance on specification writing

Handout on Community Benefit Clauses

Procurement Forward Plan

Commissioning Strategies

[NHS Islington Commissioning Strategy Plan](#)

Islington Children's Services [Joint Commissioning Standards](#) and [Commissioning Policy](#)

Corporate documents

[Sustainable Community Strategy](#)

NHS Islington ['Our Vision'](#)