

## Commissioning Task and Finish Group Report 6

### Procurement Practice Workstream

#### Background

This group is one of six work stream groups, part of the 'task and finish commissioning group' set up to enable the co-production of a joint programme of work between SCC and VCF sector to enhance and improve commissioning capability. The public sector is moving away from a grants based approach to a commissioning and procurement culture and this will have huge implications for both commissioners and the VCF sector. SCC/ NHS (and some other commissioners) have signalled their intention to move towards a co-commissioning process based on quality, outcomes and Value for money.

A number of activities were/ will be undertaken to inform the workstream. Some of these activities involve real time learning from active procurements and therefore have a different time line than the taskforce's timescales. They include:

- Desk Top review of other public body practices and standards for procurement
- Structured interviews with nine 3<sup>rd</sup> sector organisations who have recently undertaken a tendering process and not been awarded a contract- identifying issues around procurement practice and processes from their perspective.
- Joint SCC/ 3<sup>rd</sup> sector planned detailed review of a recent large value tender exercise to identify and learn from errors in process. A date for this has not yet been suggested.
- A review of SCC processes and documentation has been started, it is agreed that task group members will be involved in the review. The findings of other Authority approaches will be fed into this review.
- Action learning from proposed Adult Social Care Partnership Investment Agreements- July onwards.
- Procurement mentoring scheme: learning from 1:1 support between procurement professionals and the organisations they support- the scheme is regularly evaluated.

**Therefore this report is interim at this stage- a further report will be produced after SCC review of current processes and documentation has been completed.**

## Interim Issues to date

1. There are a range of approaches taken by other public bodies to ensure compliance with EU Procurement law and legislation, when commissioning and procuring services with the 3<sup>rd</sup> sector. Some Local Authorities have developed bespoke strategic ways of engaging with the 3<sup>rd</sup> sector to enable
  - a. Market development of the sector (Croydon, Bristol)
  - b. Insight into service development (Croydon, Bristol)
  - c. Outcomes based commissioning and procurement (Camden, Wakefield)
  - d. Compulsory inclusion of partnerships with local suppliers/organisations (Croydon, Dudley)
  - e. Encourage 3<sup>rd</sup> sector consortia and partnership working (Camden, Croydon, Dudley, Wakefield)
  - f. Value of contract triggering competitive tendering: £156.4; £140k (or £50k per annum); £140; £75k; competitive grant commissioning above £5k.

Although the sample of LAs is small – it may be of value when the Task Group considers if the Sheffield threshold of £25k enables the strategic vision of a thriving 3<sup>rd</sup> sector- does the current Sheffield procurement policy enable the sector to be awarded work to deliver added social value?

2. Interviews with a small number of 3<sup>rd</sup> sector organisations on their experience of competitive tendering indicated a number of common themes. The data base of their feedback will be shared with SCC Commercial Services. Issues included:
  - a. Lack of understanding by commissioners of 3<sup>rd</sup> sector market (including concern commissioners had pre-conceived poor perceptions of the sector).
  - b. Commissioning for inputs, often broken down to ‘meaningless’ units- and a resistance to work with the sector to develop outcomes measures.
  - c. Deviation away from confirmed process including bypassing PQQ stage, changing timescales, evaluating on criteria other than those in tender document, delays in awarding contract, bypassing standstill period, lack of feedback.
  - d. Tendering process changes from competitive contract to grant aid at end of the process- different conditions, lifespan of ‘contract’
  - e. Tenders not appropriately advertised- bypassing SCC website/ SCMS etc
  - f. Lack of compliance with process eg not publishing evaluation criteria in ITT documents.
  - g. Evaluation criteria being skewed towards lowest cost, rather than balanced with quality/ specialism (eg generic provider being awarded a specialist contract simply because it could provide cheaper generic staff(albeit not specialised in service being tendered for).
  - h. Lack of Equality Impact Assessment on the consequences of going to competitive tender, and lack of process to handle change of supplier post process.
  - i. Lack of transparency in process: re-evaluating tender outcome –some suppliers were not informed, whilst others were. Ignoring numerous requests for feedback (via SCMS and directly to the commissioner)

- j. Publicising wrong contract values at PQQ/ITT stage.
- k. Contracts not being let to 2<sup>nd</sup> choice provider (after 1<sup>st</sup> choice provider withdrew), but instead being added to another existing service provider.

**Recommendations**

- I. The task and finish group consider how the issue around contract value triggering competitive tendering. Does the low financial value for Sheffield have an impact on how SCC can develop relationships with sector, commission for transformational services, support a thriving sector? Is there the political will to consider this issue?
- II. To consider how best can SCC/ NHS S learn from the issues arising from the procurement database collated? How can the task force support an in-depth review of a recent high value contract- to enable productive ways forward
- III. To consider how the task force and sector engage with SCC on the review of procurement processes and documentation after June 2011

**Final deliverables**

<b>Issue/Activity</b>	<b>Product</b>	<b>Comment</b>
Review and development of core procurement documentation	Revised standardised documents eg PQQ	To be completed by August 2011 To be used from September 2011 onwards
Streamlined and efficient use of documentation	Centrally held completed documents- for multiple use	To be agreed across SCC To be used from September 2011 onwards
Core Briefing Guides for <ul style="list-style-type: none"> <li>• Commissioning Processes</li> <li>• Procurement Processes</li> <li>• Contract Management</li> </ul>	Briefing Guides- standalone and inclusion in SCC wide Commissioning handbooks	Draft to be consulted on with VCF sector in July/ August To be built into the revised commissioning Process end Issued September 2011
Joint Review of Kids Can Do Tender	Shared understanding of good commissioning practice- learning from past Agreement for future framework for Kids Can Do	SCC internal review to be completed in July Joint workshop and learning event August/ September
Review of public sector financial thresholds Desk top research Review of recent tender exercises and impact on VCF sector	Recommendation SCC differentiate financial value between goods and services requiring competitive tendering. Recommend a threshold for £75k for service delivery.	Recommendation to be made to SCC Officer and Members July- September 2011