

Agenda Item	7
Report No	AC/26/23

Progress report on the Review of Commissioned Children's Services

Health and Social Care

Commissioned Children's Services



Description	Priority	No.
Major issues that managers need to address as a matter of urgency.	High	2
Important issues that managers should address and will benefit the Organisation if implemented.	Medium	4
Minor issues that are not critical but managers should address.	Low	0

Audit Opinion

The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Limited Assurance** can be given in that weaknesses in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.

Distribution:

Executive Chief Officer for Health and Social Care
Lead – Strategy, Performance and Quality Assurance, Health and Social Care

Report Ref: HSC11/001
Draft Date: 06/03/2023
Final Date: 31/05/2023

1. Introduction

- 1.1 The objective of the review was to ensure that the arrangements for the commissioning of services for children and young people are effective in terms of:
- they are compliant with Procurement Rules, meet the need to care for children in the local community and demonstrate best value; and
 - there are appropriate arrangements for the monitoring and evaluation of service delivery to ensure the expected outcomes are delivered.
- 1.2 The audit considered the arrangements for managing commissions in 2021/22 and 2022/23. A sample of commissioned services were tested to ensure that they were procured and managed in accordance with the Council's own guidance, procurement law and good practice.
- 1.3 The scope of the review extended to all commissions that are managed by Health and Social Care services':

Type of Service	Number	Estimated Value £000s
Children's Services	8	8,520
Residential Services	2	2,367
Support Services	4	622
Housing Support	1	602
Throughcare/Aftercare	2	595
Other	17	775
Total	34	13,481

Action Plan update

Ref	Priority	Finding	Recommendation	Management Update November 2023	Implementation	
					Responsible Officer	Target Date
H1	High	Health and Social Care renewed the existing contracts that were transferred from NHS Highland in November 2021. The commissions have not been re-procured for a number of years and for the sample reviewed (except the Scotland Excel Framework Agreement) each had been extended for between 6 and 14 years.	Management must subject commissions to regular re-procurement exercises (following open competition), ensure that they reflect the current services required and their financial cost.	We acknowledged at the last audit committee that there was a skills and resource gap within the service and that an agreement had been reached that the Council and the shared service would work together. Since the last committee meeting there have been continued talks as to how this arrangement would work including HR issues that required resolving between the Council and Aberdeenshire. These are now near completion and will allow for a Highland based resource to work alongside the shared service to adopt common practices in relation to managing commissioning and contracts work, identifying procurement strategies and gaining the benefits from shared strategic goals. This has ultimately delayed the Council in having the processes and expertise alongside us in the short term to address the recommendations outlined in the report.	Lead – Strategy, Performance and Quality Assurance	31/07/23 (revised to 31/12/23)
H2	High	Management stated that the extension to the existing contracts was justifiable on the basis that CSO 3.10 (b) (i) best value, and (iii) unforeseeable	Management must ensure that the procurement of commissions is compliant with the Council's Contract Standing Orders, are correctly recorded in the	A team contracts register has been kept and updated since contracts moved over from NHS Highland. This continues to be updated.	Lead – Strategy, Performance and Quality Assurance	31/07/23 (revised to 31/12/23)

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		circumstances, both applied. It further states that: (for CSO .10 to be applied) "in all cases the original contract must have been won via open competition..." and CSO 3.11 "... the reasons must be noted in the Contracts Register". This has not been fully complied with because only 3 (30%) commissions had been subject to previous competition and 8 (80%) commissions were not recorded in the Contracts Register and thus no explanations for extension were recorded.	Council's Contracts Register and where appropriate, approval is obtained to justify any exceptions to CSOs. Management must ensure that the in-house team is provided with appropriate training, guidance and support to ensure that commissions are properly managed in accordance with the Council's CSOs.	An immediate priority will be for the Highland resource to work alongside the shared service to receive the guidance that ensures that the Council aligns its contract register processes with those of the shared service and manages commissioning in accordance with the CSOs.		
M1	Medium	The contract specifications for the inherited commissions are out of date. The Health and Social Care Team's commissioning officers are leading on the review of these specifications with the intention that they will be used to manage commissions from 01/04/2023. There was no evidence to demonstrate that designated managers are contributing to this review and shaping the future delivery of these commissioned services.	Management should ensure for each commission that appropriate senior officers are designated as the nominated lead officer for operational issues and that they fully participate in the review of service specifications to ensure that the Council properly plans for the future delivery of Children's commissioned services.	It has already been indicated by the shared service that addressing some areas of the audit report may take a good number of months to resolve, particularly in regard to model contracts and specifications. As part of the discussions with the shared service, we have started to identify some contracts and work that we feel need to be addressed as a matter of urgency. Where this has happened, the appropriate operational managers have been consulted for their input.	Lead – Strategy, Performance and Quality Assurance	31/05/23 (revised to 31/12/23)
M2	Medium	Many of the operational lead officers/designated managers have left the Council, are no	Management should ensure that the roles and responsibilities for monitoring the operational and	This work is now complete.	Lead – Strategy, Performance and Quality Assurance	31/07/23 (revised to 31/12/23)

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		<p>longer responsible or did not know that they were responsible for managing provider relationships or monitoring the service provided.</p> <p>For the commissions tested, Children's Services records identified 10 (100%) commissioning officers (CO), 6 (60%) Area Contracts Officers with none that are identifiable as current Council officers and 7 (70%) Designated Managers – 6 (60%) of whom are identifiable as current Council officers – 1 of these is no longer responsible for the commission.</p>	<p>contractual aspects of each commission are clearly defined, understood and carried out to the required level by appropriately trained officers (including handover arrangements).</p>			
M3	Medium	<p>In relation to Contract Monitoring the Council's contract documents state:</p> <ul style="list-style-type: none"> • 4 (40%) commissions require that providers supply key information on a quarterly basis, have quarterly liaison meetings and an annual contract monitoring visit; or • 4 (40%) commissions require that providers supply key information on a 6-monthly basis, and an annual contract monitoring visit. <p>The contract documents were produced many years ago when the services were first commissioned. A more dynamic approach is required to ensure</p>	<p>Management should assess commissions on an ongoing basis in terms of finance and service user risk to determine the level and frequency of contract monitoring required and the results of this assessment should be communicated to the lead officers.</p>	<p>This is integral to a rolling programme and is being rectified as new contracts are issued. This work will continue with the support of the shared service in relation to their support and expertise in allowing the Council to develop robust contract models and specifications that take account of proportionate monitoring standards and requirements.</p> <p>The service continues to address this area with appropriate operational managers regulating monitoring and scrutiny requirements that are proportionate to the contract value and risk.</p>	Lead – Strategy, Performance and Quality Assurance	30/09/23 completed

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		that contracts are monitored in response to current risks.				
M4	Medium	7 (70%) of commissions there was no evidence to demonstrate that recent (within 3 years) monitoring information had been received or monitoring meetings had been carried out.	Management should ensure that there are appropriate monitoring arrangements in place and evidence is retained to demonstrate that commissions are properly monitored and evaluated.	There is regular monitoring produced quarterly for residential placements on the Scotland Excel framework . We continue to evaluate these processes to ensure they are still relevant and applicable.	Lead – Strategy, Performance and Quality Assurance	31/12/23