



pipcc

GLOBAL PROJECT SOLUTIONS

Commissioning

Government and Public Sector

# What is good commissioning?



- Route from Inputs to Outcomes** – example tools or mechanisms:
  - needs assessment, data analysis, benchmarking, participation, turning the curve, personalised budgets, choice, procurement, PFI, market development, competition, negotiation, category management, workforce improvement, culture change, integration, service redesign, cost models, efficiency review, Monte Carlo, business process re-engineering, lean processes, shared services, regional commissioning, etc

# How can good commissioning help?

- CSR07 and Gershon efficiency targets are tough, better commissioning can improve efficiency for services by up to 50%
- Make best use of available resources, including money, buildings, providers, the market, communities, and increasing customer capacity to self-provide
- Facilitate strategic joining up of services, e.g. shared services, regional commissioning
- Ensure customers and communities understand and contribute to outcome specification, service development, planning and commissioning
- Building services around customer needs – to bring together Government, third sector, private sector and communities
- It's a common sense approach – 100% focused on customer outcomes

# What are the barriers?

- **Understanding:** some Directors and Chief Execs need additional support to understand the potential whole organisation impact of effective commissioning (e.g. large efficiency savings, service redesign and lean process improvement)
- **Skills:** commissioners need training in core skills such as strategy, systems design, outcome measurement, change management, market development, procurement, 'turning the curve' and zero-cost solutions
- **Information:** commissioning decisions should be evidenced. Input, outcomes and monitoring data needs to be robust to identify efficiencies and challenge standard business patterns. Information / intelligence is needed at many levels, e.g. for leaders, commissioners, providers, customers
- **Power:** effective commissioning requires significant change to partnerships, organisational structures, performance management and decision making. These changes need senior management buy-in
- **Outcomes:** staff throughout organisations should focus more on outcomes and customers than structures, services, empires and egos

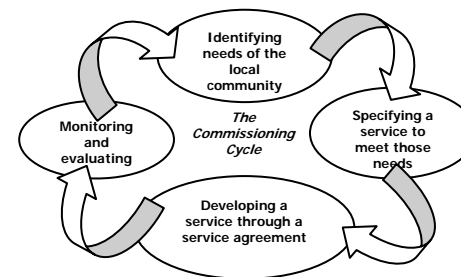
Commissioning



Conceptual Model

# Conceptual model – the problem

- Whole system public sector commissioning approaches are very complex to design
- There are lots of barriers and difficulties to overcome
- Commissioners know what they want to achieve, but don't know where to start
- Joint commissioning systems need to work with different Government policies and frameworks and partner approaches



- worldclasscommissioning**
1. Locally lead the NHS
  2. Work with community partners
  3. Engage with public and patients
  4. Collaborate with clinicians
  5. Manage knowledge and assess needs
  6. Prioritise investment
  7. Stimulate the market
  8. Promote improvement and innovation
  9. Secure procurement skills
  10. Manage the local health system
  11. Make sound financial investments

# Conceptual model – new approach

- We need a new way of thinking about commissioning which shows how it all fits together, and how to redesign local or national functions
- This new conceptual model is based on work we have done with many central and local government organisations
- The model makes it easy to understand commissioning, the whole system, and how to put in place an effective change programme
- Conceptual model shows that there are four key functions in all commissioning systems: **Lead, Commission, Provision, Customer**; these functions each go through a simultaneous cycle with key interactions and handoffs
- The PIPC Conceptual Model for public sector commissioning is not a framework or policy design – it is a tool to support staff to implement system change

Review & needs assessment (1)

Change whole system culture (5)

## Lead

Vision, Ownership, Leadership (2)

Strategy & planning (4)

Prioritise outcomes (3)

Review & needs assessment (1)

Procure or agree (6)

## Commission

Commissioning strategy (2)

Match provision & resources (5)

Develop resources (3)

Design provision (4)

outcomes

Review & needs assessment (1)

Participate in design (4)

## Customer

Help to decide on services (2)

Contribute to & receive service (3)

Review & needs assessment (1)

Participate in design (5)

## Provision

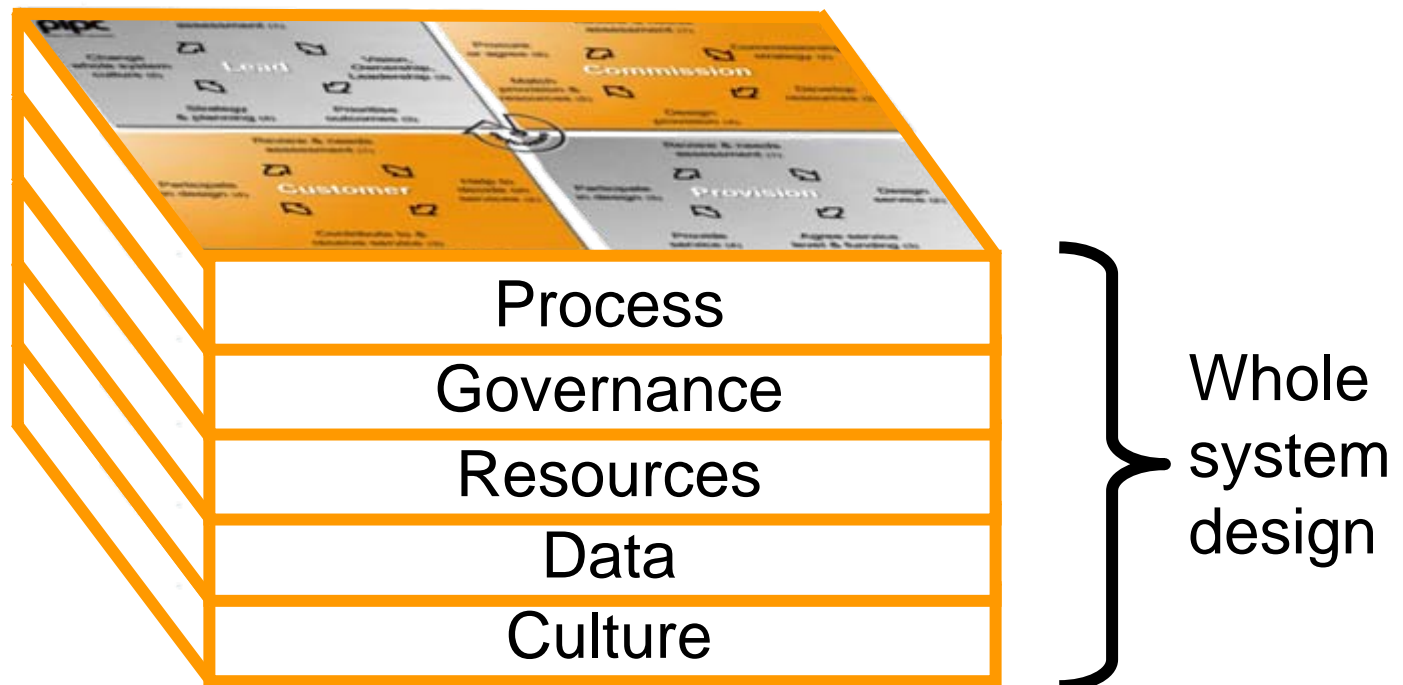
Design service (2)

Provide service (4)

Agree service level & funding (3)

# Whole system design

- The commissioning system design comprises **process, governance, resources, data** and **culture**
- Commissioning will only be effective if the whole system is designed in parallel to support the **Lead, Commission, Provision** and **Customer** functions



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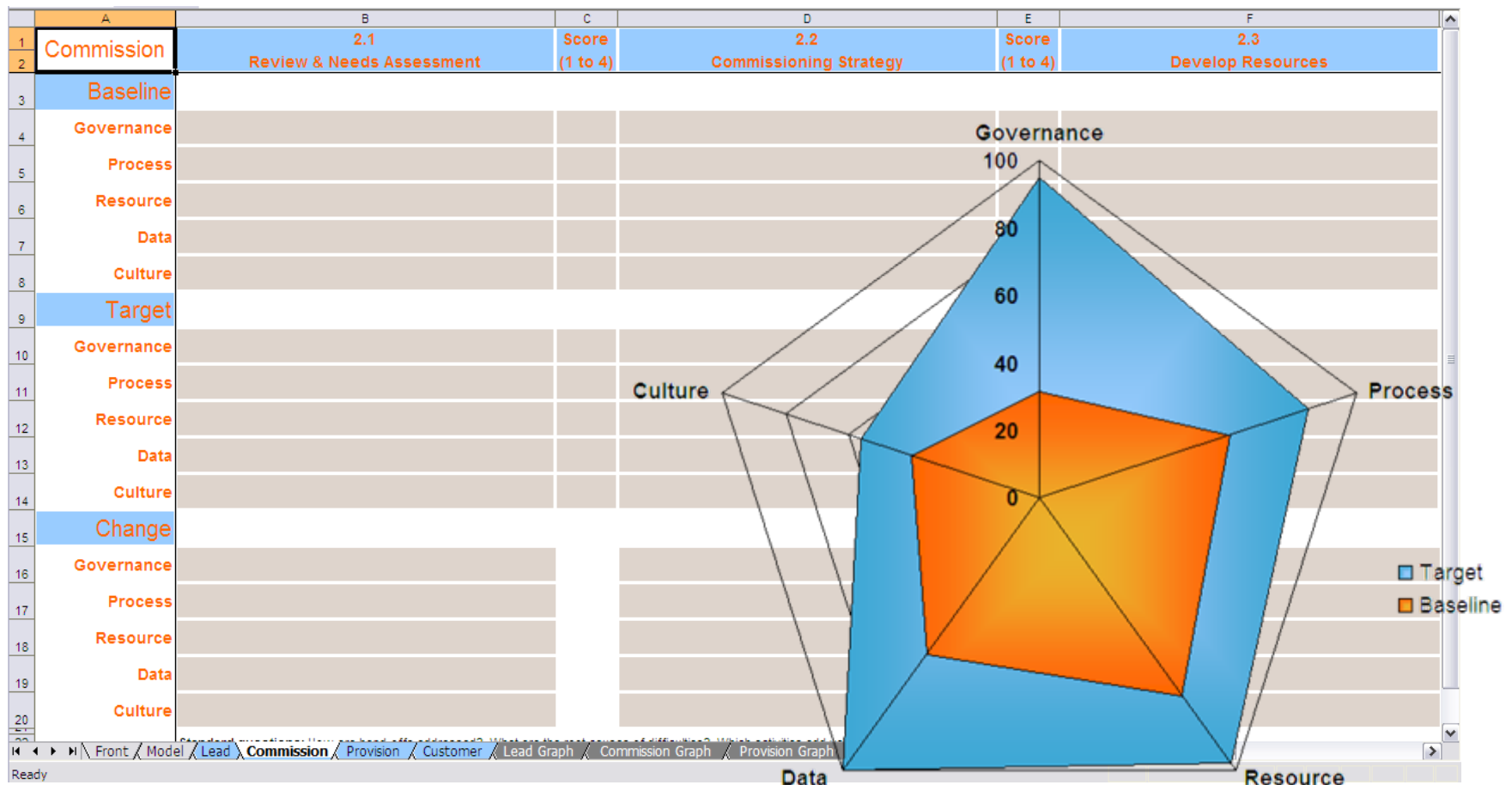
Re-design

# Re-design – steps

1. **Baseline:** review each function, each step, and each level of the current commissioning system
2. **Handoffs:** map the interactions between teams and levels of the system
3. **Future:** design a new approach for each function, step and level using national policy guidance and frameworks
4. **The change programme** falls out from the difference between baseline and future designs
5. **Prioritise** and **implement** the change programme

# Re-design – assessment tool

- The picture below shows a tool for assessing the baseline, future and change programme, with graphics to represent the level of change



# Commissioning

Brief:

What is commissioning?

# What is commissioning? – system inputs

Any defined public sector service area, e.g. Children's Services, is a system designed by Government to respond to social expectations and secure the outcomes for the defined customers. Like any complex system, there are a number of people from different organisations involved in design and leadership, and increasingly this is seen as joint commissioning.

Public sector systems have many inputs or resources which are used to deliver outcomes. Inputs can include:

- **Money**, e.g. funding from Government, revenue generation, local tax-payers, family income
- **Capital** resources such as buildings
- **Local staff**, e.g. providers, front-line, administrative, commissioners
- **Provider markets** and individual provider organisations
- **Customers**, including ability of customers to self provide
- **Communities**, e.g. geographical communities, local businesses or groups
- **Influence** that can be exerted by the commissioner, provider or other organisations on the system

# What is commissioning? – system outcomes

The outcomes from public sector systems tend to be well defined by Central Government, e.g. to reduce offending and secure safer communities. But there are additional outcomes which should be noted:

- **Customer** outcomes
- **Community** outcomes
- **Staff** development and excellence
- **Organisational** standing, e.g. star rating, popularity, reputation

Effective commissioning is the most efficient, effective and sustainable delivery of outcomes. The commissioner's role is to take the inputs to the public sector system and from that deliver outcomes in the most efficient, effective and sustainable way.

# What is commissioning? – leading the system

To make the each public sector system work well there are four ways that commissioners can exert their design and leadership to achieve the outcomes:

- **Developing understanding of the whole system:** environment inputs, outcomes and sharing that understanding with all stakeholders
- **Maximising the inputs to the system:** i.e. making sure that we make best use of the money, capital, staff, communities, providers and self provision by customers
- **Targeting the outcomes** that we want to achieve so that the impact of resource is maximised: i.e. through better understanding of customers and their needs
- **Using the most efficient, effective and sustainable mechanisms** for achieving outcomes from the inputs, developing new mechanisms, and choosing the right mechanism to get the right behaviours and outcomes. Example mechanisms include: procurement options (block, framework, PFI, e-procurement, category management), competition, negotiation, integration, shared services, regional commissioning, service redesign, culture change, business process re-engineering, choice, personalisation, outcomes based accountability, monitoring, performance management, etc

# What is commissioning? – future development

The previous four bullets show the areas that commissioners across the public sector will be developing over the next five to ten years. Commissioners will require new skill sets for future development, in particular:

- **Leadership, innovation and change agents**
- **Outcomes assessment and targeting** (using new technologies)
- **Review and maximisation** of markets, buildings and self provision
- Ability to use a **more diverse range of mechanisms** such as procurement frameworks, new service redesign techniques, choice, personalisation, integration and outcomes based accountability

These skill sets will not exist in one individual – so teams (e.g. Joint Commissioning Units) will be built to include the required attributes, skills, knowledge, experience for effective commissioning.

This new approach to commissioning has the potential to secure step changes in the delivery of outcomes in addition to the incremental changes that traditional commissioning / procurement approaches are currently set up to achieve.

# What is commissioning? – frameworks

There is a variety of frameworks for commissioning, e.g. the Government's Joint Planning and Commissioning Framework for Children, Young People and Maternity Services, the DH Commissioning Framework for Health and Well-being, NOMS Framework, etc. These all share the conventional Understand, Plan, Do and Review cycle and are often adjusted for local priorities, strengths or historic reasons.

Whilst these frameworks are excellent for strategic design of commissioning arrangements, many public sector organisations have struggled to implement the strategic design.

# What is commissioning? – system levels

The main principles for implementing effective commissioning, based on the whole system outlined above, are to take into account the different levels of commissioning system and to ensure the design is optimised for each:

- **Process:** what is the process flow, the commissioning tasks and the handoffs (or links) between teams?
- **Governance:** how are structures designed, who is the accountable organisation at each stage, what are the legal and regulatory requirements?
- **Resources:** how does control of money / buildings / etc get passed through the commissioning system, what staffing and skills do you need at each point of a commissioning framework?
- **Data:** how is information collected, put together, assessed, and distributed to different parts of the system (including leaders, commissioners, providers and users)? What is the IT system to support data collection and distribution, and what wisdom can we extract to support decision making?
- **Culture:** what are commissioners, providers, users thinking at different points in the system and how do you interact and communicate to change value sets and attitudes?

# What is commissioning? – conclusion

- Commissioning is about **understanding the whole system** and how it is designed to deliver the outcomes for customers
- It is about **maximising the inputs** and the **mechanisms to deliver outcomes**
- It is about looking at the **user pathway** from the perspective of the customer rather than managing services in isolation of one-another
- It is about making best use of the **talents** in the system so that we can **innovate** and **re-design** delivery approaches – to achieve 50% efficiency improvements and a step-change for outcomes and the public sector

# Commissioning



# Our approach

# Our approach

- **The PIPC Conceptual Model for public sector commissioning has been developed to support practitioners to adopt a ‘systems’ approach to designing services. We feel the model will help both Central and Local Government to deliver a step change in better commissioning**
- PIPC was founded in 1992 and has become a leading programme and project management company in 25 countries. We specialise in system design and developing tailored approaches for a diverse range of government and private organisations
- Our Government and Public Sector practice of specialist consultants all have a track record of delivering successful change in government. For example:
  - Children’s services national design
  - Commissioning and regional commissioning support for many local partners
  - Government commissioning advice (DCSF, DH, MoJ, CLG)
- We operate at a strategic level as well as hands on to realise benefits, and are 100% focused on delivering better outcomes for you and your customers

# Market Leading Experience

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