

Commissioning Q & A

Part 1

What is commissioning and what's driving it?

Until the last five years the term commissioning was not well known in the NSW community sector. There was some knowledge of its use in the United Kingdom and New Zealand and the role it played in reforming their sectors but only a limited understanding of how it worked and its actual impact.

Its supporters maintain that commissioning will produce efficient, responsive and better quality services that are capable of driving improved outcomes for our clients and their communities.

This information sheet is part of a series of three looking at commissioning and its potential impact within the context of government funded community services sector in NSW:

- Part 1 – What is commissioning and what's driving it?
- Part 2 – How commissioning works, where co-design fits and the commissioner's role
- Part 3 – The Community Sector's role

What is commissioning?

According to Dickinson (March 2015) there is no definitive definition of commissioning. It is used in a variety of way and lacks clarity. However she believes that at its best it is “*a strategic approach to the oversight of public services, focusing on clearly defined outcomes and responding to community demand.*” (Dickinson, 13 March 2015 p2)

In the Australian context it has been described as:

In its simplest form, commissioning involves an ongoing process of planning and purchasing of services to meet the health needs of local populations. ([South Eastern NSW PHN](#))

An approach to considering the outcomes that need to be achieved, and designing, implementing and managing a system to deliver these outcomes in the most effective way. It leverages the strengths of the public sector and where appropriate, involves private and non-government organisations individuals to transform outcomes for customers. (NSW Treasury, 2016 p56)

Commissioning is more than planning and procurement. It covers a range of activities from identifying and establishing need, to the provision and evaluation of the services contracted to address that need. Commissioning is informed by a process of engagement and consultation with the people who will be impacted by the services, either as clients, family, carers, community members or service providers, and other stakeholders (eg experts in the field, etc). It “*is an opportunity to rethink the model of delivery by assessing 'what is possible' unconstrained by historical practice, funding and policy.*” (NSW Treasury, 2016 p14)

The overall purpose of commissioning is to provide effective services that meet the needs of specific groups where the focus is the need rather than service activities. The benefit is that it allows

commissioners (ie the people overseeing the commissioning process) to think strategically about the services they are procuring, enabling them to identify and use the best resources within and outside of government to achieve the most effective long and short term outcomes.

The NSW Treasury, in their [Commissioning and Contestability Practice Guide](#), has identified the underlying guiding principles which can be summarised as:

- improving outcomes and delivering quality services
- placing the interests of the customer and community at the centre of the process and ensuring any productivity, quality or efficiency benefits are shared with them
- encouraging innovation and more diverse and flexible service delivery models that reflect the client's needs
- commissioners clearly defining and prudently managing delivery and financial risk.

Commissioning can be applied on a national, regional, local or individual level. Multiple processes can occur simultaneously where each focusses on different levels, services areas or client groups.

The term “strategic” is often applied to commissioning. This refers to where the Commissioners determine *“the services the community needs, whether there is a role for government in providing these services, and then designing the best service delivery system. It usually requires careful reconsideration of agency funding arrangements to deliver an integrated whole-of-government response.”* (NSW Treasury, 2016 p6)

Other terms are:

- Service Commissioning – *“involves applying the design and governance principles of commissioning to a service, group of services or activities to create better service integration and community outcomes.”* (NSW Treasury, 2016 p6)
- Joint commissioning – is where relevant organisations work together *“with their communities to make best use of limited resources. This will often involve using a pooled or aligned budget.”* (Dickinson, March 2015 p15)

Helen Dickinson would argue however that *“good quality commissioning is: person-centred and outcomes-focused; inclusive; well led; and, promotes a sustainable and diverse market place.”* (Dickinson, March 2015 p17)

What it is not

Commissioning is sometimes used as a synonym for procurement or contracting. These can be part of the process but not the process itself.

Outsourcing, contestability and privatisation are also sometimes used to describe commissioning however the NSW Government has stated that *“Strategic commissioning is not code for outsourcing; while the NSW Government supports increased competition in the provision of public services, a one-size-fits-all approach is not appropriate.”* (NSW Government, 2014 p7)

Part of commissioning's aim is to purchase services and utilise competition mechanisms, such as contestability, however its remit is broader. Commissioning health and community services in NSW includes establishing need and identifying the preferred outcome. It also assesses the most effective way of achieving outcomes including procurement, contracting, delivery and evaluation. Its intention is to be strategic, focussing on individuals and their communities throughout the process.

Outsourcing, contestability and privatisation can be part of commissioning. Contestability is in the Commissioning practice guide title and the guiding principles state that contestability allows Government “to challenge existing providers to deliver service outcomes within agreed resources.” (NSW Treasury, 2016 p4). Contestability may be tested during a commissioning process and may lead to outsourcing and privatisation but none are an inevitable part of the process.

What is driving it – why is it important?

In Australia community and health services funding tends to be historical. It does not necessarily reflect changing demographics or need, or support creative or alternative thinking or approaches, let alone reform. It primarily focuses on service delivery rather than improving client and community outcomes.

Historical funding has also meant that service delivery in some areas has grown and developed based on existing programs and services rather than proven or established need. Where a community may have shifted in terms of what is needed, the different organisations and sectors serving that community may no longer be the most effective and efficient mix. Commissioning to some extent revisits this to ensure that the ‘right’ mix is in place.

Commissioning in Australia follows its introduction in the United Kingdom and New Zealand. In the Australian context it has been seen as a way of moving away from traditional funding and planning models, to drive reform where government agencies reduce their role in service provision and become enablers responsible for strategic direction.

The Federal Government has described commissioning as a more efficient, effective approach that will increase accountability.

In NSW it has been argued that commissioning will “achieve better value for money while improving service quality, create incentives to innovate, and increase accountability and transparency” (NSW Government 2014 p7). Commissioning is an opportunity to think more creatively and potentially innovatively, leading to increased effectiveness and efficiency of outcomes for service users and their communities. It empowers individuals by providing them with increased choice. A more competitive and accountable environment will also bring cost savings.

Both the NSW State and Federal Governments see it as focussing on needs assessment and service design rather than service delivery. It places the client at the centre of the process and make providers more responsive to their needs. Potentially it can drive efficiency in services, identify service costs, clarify where accountability lies and improve transparency.

References and resources

NCOSS resources

Commissioning Q & A: [Part 2 – How commissioning works, where co-design fits and the commissioner’s role](#)

Commissioning Q & A: [Part 3 – The Community Sector’s role](#)

Other resources and references

Dickinson, Helen (2014) Public Service Commissioning: What can be learned from the UK experience? *Australian Journal of Public Administration* Vol 73 no 1 pp14-18

- Dickinson, Helen (January 2015) [Commissioning public services: the definition and aims matter](#) *The Mandarin*
- Dickinson, Helen (March 2015) [Commissioning Public Services Evidence Review: Lessons for Australian Public Services](#)
- Dickinson, Helen (13 March 2015) [Four things you need to know about commissioning](#) *The Mandarin*
- Dickinson, Helen (Sept 2016) [Myths about commissioning](#)
- Harris, Mark; Gardner, Karen & Powell Davies, Gawaine (August 2015) [An Evidence Check rapid review brokered by the Sax Institute for the NSW Ministry of Health](#)
- National Steering Group for Joint Strategic (June 2012) [Commissioning Joint Strategic commissioning – A definition](#) (Scotland)
- NSW Government (2014) [NSW Submission to the Competition Policy Review](#)
- NSW Treasury & Dept. of Financial Services and Innovation (2016) [NSW Government Commissioning and Contestability Practice Guide](#)