

Commissioning Q & A

Part 2

How commissioning works, where co-design fits and the commissioner's role

This information sheet is the second in a series of three looking at different aspects of commissioning:

- 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

Part two explores the fact that despite their being limited clarity around the term “commissioning” there are sufficient examples overseas to understand how it can work, the role of the commissioner and the elements or factors that are likely to influence how effective the process is.

How does it work and what does it need to be effective?

Commissioning is often presented as a single process represented as a cycle. The reality is there is no “one way” to achieve commissioning. The process is dependent on a range of factors that relate to the issue being addressed and the community and stakeholders involved, where the process reflects different requirements and needs. The various activities that make up commissioning may occur in a continuum, some may run concurrently or may be required to be repeated. The process is moulded to the need as opposed to the need fitting in with the process.

The commissioning process generally includes:

- Identifying and assessing needs
- Developing agreed outcomes
- Developing and planning the implementation of the commissioning system to address the outcomes
- Procuring and contracting services
- Delivering and monitoring the contracted services
- Managing and monitoring performance
- Evaluating the progress and performance in achieving the agreed outcomes.

The process is dependent on accessing knowledge and insight at all levels including the local level, to understand and shape what will work in a community. The commissioners will access research and professional expertise, however they also engage with the relevant communities.

Community engagement is a crucial part of the process. It helps build the necessary relationships to work with and understand a community but it also can support the legitimacy of future actions particularly if they are contentious or potentially divisive. This cannot be a one-off or tick-in-the-box activity. It requires genuine consultation which continues throughout the process and includes clients, community stakeholders and potential and actual service providers.

The commissioning process is time consuming and labour intensive. It is also complex involving both

technical and value-based decisions ie analysing data and making decisions on how and what outcomes should be achieved. Each stage requires specific skills and abilities. Their absence can potentially impact on the effectiveness of the whole process.

Commissioning is more likely to be effective if applied when both the commissioner and the market are prepared; the value of collaboration is understood and is not undermined by the indiscriminate use of competition; and, where government agencies retain the capacity to intervene if the market fails. Commissioning requires careful implementation and an appropriate mindset and culture.

Where does co-design fit?

Co-design is a form of community engagement or consultation that combines lived experience and professional expertise to identify and create an outcome or product. It builds on engagement processes such as social democracy or community development.

NSW Treasury defines co-design as involving *“service stakeholders such as customers, front line service providers and system administrators in the service design process, with the aim of creating better services and subsequent outcomes.”* (NSW Treasury, 2016 p39)

In the human services space, it is a form of community engagement where all critical stakeholders, from experts to end users, are encouraged to participate. Contributions from all participants are respected and they share responsibility for the design and testing of solutions. It uses a variety of techniques to engage the community that can include surveys, focus group or activities but its aim is to start with questions and intentionally and collaboratively design responses to social issues that can lead to improved outcomes.

In the context of commissioning, co-design could be used to identify the role and aims of the commissioning process, what data is required and how services are delivered. It can also be used to identify and assess needs, develop agreed outcomes, plan the implementation of the process as well as the overall evaluation.

Service providers, both actual and potential, clients and other critical stakeholders could be involved as participants in each of these stages. Service providers could also use the process with clients and other stakeholders when designing the services they are contracted to deliver and in the evaluation of those services.

What is the role of government and government agencies?

The commissioning body’s role has been primarily played by government agencies. As Commissioners they take the lead and have strategic oversight of the process where engagement with the community and other stakeholders is key to the process.

This requires government to:

- Focus on broad outcome areas
- Engage and consult with the community and other stakeholders
- Consider common outcomes, frameworks and measures
- Assess a range of service responses that could include policy change, in-house provision or system redesign
- Consider a wide range of provider and procurement options
- Focus on achievement of outcomes rather than the process

- Recognise diversity and that one size does not always fit all.

Each stage of the commissioning process requires the commissioners to:

- Identify and assess needs
- Develop agreed outcomes
- Develop and plan the implementation of the commissioning system to address the outcomes
- Procuring and contracting the services
- Delivering and monitor contracted services and manage performance
- Evaluating the progress and performance in achieving the agreed outcomes.

Commissioners need to be clear about what is being commissioned, who the target population is and what is to be achieved so that they can match the services they procure with the communities involved. Where communities understand and value the desired outcomes, they are more likely to support them and establish real change.

The process to be effective must be adequately resourced. The Commissioners have a responsibility to develop staff with high level managerial and technical skills able to assess the environment and the services they are commissioning and challenge any processes that are contrary to the proposed reforms. These skills range from leadership, political astuteness, to data management and analysis, procurement and, risk and contract management skills. They also need to develop staff able to support the mindset and culture in turn supports the commissioning process.

Resourcing also includes developing appropriate timeframes that reflect the required activities for each stage of the process. Where this involves non-government stakeholders (ie clients, their communities and service providers) this would include reasonable notification to allow them to prepare so they can contribute usefully to the process.

However, for commissioning to be used more broadly across government agencies, silos need to be broken down within agencies and across the human services sector so they can support local solutions at district level. This is particularly important where potential solutions require the involvement of multiple government agencies to address complex issues (eg Ministry of Health, Family and Community Services and Department of Education).

References and resources

NCOSS resources

Commissioning Q & A: [Part 1 – What is commissioning and what’s driving it?](#)

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](#)

NSW Treasury & Dept. of Financial Services and Innovation (2016) [NSW Government Commissioning and Contestability Practice Guide](#)