Care Services Efficiency Delivery Programme

DOCUMENT BBP.001 Version 3.01

Commissioning in Adult Social Care

A Diagnostic

This diagnostic serves two purposes:

- It forms a checklist designed to help a council identify potential areas of opportunity within the commissioning and buying processes; and
- Where an opportunity is identified provides a potential solution; either in the form of a direct self-contained nugget of advice, or via reference to appropriate web sites for further information.

If used in the way originally envisaged, the document is applied in two passes to meet this purpose:

- The first pass to focus on understanding the current situation – ideally involving a multi-discipline team with some form of facilitated challenge; and
- The second pass, to explore the extent to which the potential solutions apply. It is stressed that these solutions may not apply in a particular circumstance – they are included based on our learning from working with councils and other sectors.

It is acknowledged that there is much guidance in the area of commissioning – this document consciously attempts to deal with the topic at a pragmatic level.

www.csed.csip.org.uk

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1. Purpose of this document

The purpose of this document is to provide a basis for councils to assess areas of potential improvement within their buying processes.

In the context of this document the term 'efficiencies' means getting more for the same, getting the same for less or getting more for less. The document focuses on three dimensions of opportunity:

1. More effective demand management – changing the nature and/or quantity of the service being purchased;
2. Improvements to total cost to serve – largely via process improvement; and
3. More effective supply base management – essentially changing the nature of the relationship with either existing and/or new suppliers.

Underpinning these major themes are questions designed to evaluate the readiness of the underlying organisational, procedural and systems infrastructure in support of such improvement.

The original intent of this document was to provide a basis for CSED to prioritise its focus. However, following feed-back from a number of councils, it has now been re-worked with a view to making it more useful as an aide to self-assessment of potential areas of local development.

From a 'buying' perspective CSED is, in the short term, focussing on the development of two key enablers:

- A simple free-to-use local data warehouse, designed to import information from existing care management and financial systems and accelerate ongoing analysis of spend on home care; and
- A performance monitoring framework, again targeted at home care, for defining and capturing ongoing performance metrics.

It is hoped that the combination of these two tools will start to address time taken and/or the difficulty of collecting the information necessary to make informed sourcing decisions.

On a slightly different note, we are also intending to develop a robust methodology and tool-kit in support of the financial assessment of local outsourcing and/or redeployment options.

It should be recognised that there are aspects of this document which also complement facets of other CSED work-streams, most notably:

- Demand Forecasting and Capacity Planning;
- Assessment and Care Management (particularly in terms of improving the processes around care package placement);
- Home Care re-ablement (in terms of the potential impact of reducing the amount of home care purchased); and
- Electronic Monitoring (in terms of enabling more effective transaction management).

2. Policy Context

The opportunities presented in this document have attempted to take into consideration the direction of Department of Health and other Government policy. At the conceptual level, the more important of these are:

- The general focus on improving 'outcomes' for citizens which includes a desire by the Government for new commissioning and market development approaches so that services are more responsive, flexible and suited to individual needs;
- Government policy on putting more control in the hands of citizens, increasing choice of available services and greater personalisation of services as set out in both the Green Paper *Independence, Well-being and Choice*, and the White Paper *Our Health, Our Care, Our Say* which includes increasing the take-up of direct payments and the piloting of individual budgets;
- Policy as set out in *Our Health, Our Care, Our Say* to provide more care in the home / nearer to home, with more pressure to replace residential with home care;
- The emerging picture of tight financial settlements coming out of the CSR07 (Comprehensive Spending Review) process – the Chancellor set out an expectation of 3% cash releasing efficiencies across the public sector over the CSR period in the Pre-Budget report;
- The aspirations to increase the focus on prevention (but in the absence of any clear current financial incentives).

3. The Diagnostic (or Checklist)

Whilst the word diagnostic is used, Appendix A may also be considered as a form of checklist. It works best when a group of individuals are facilitated through it (since this introduces a degree of challenge which enhances the richness of what comes out). However, it is hoped that individuals will also pick it up and, by expanding on some of the potential solutions, gain further insights into how they may better manage their providers.

Rather than simply asking diagnostic questions, the diagnostic attempts to add value by:

- Making a statement which is intended to reflect a position which is one which you would, in most cases, aspire to achieve;
- Suggesting potential consequences of not being in the situation (as a means of highlighting the potential importance of the statement); and
- Proposing a possible solution.

You are asked to agree or disagree with the statement being made in terms of the extent to which it applies to you. This is supplemented by a column which indicates the 'importance' to your situation. It is intended to be used in the following way:

		IMPORTANCE	
		Low	High
Applies to You	Agree	Check if consuming excessive resource	Share with others
	Disagree	Ignore	Possible opportunity for improvement

Experience suggests that a pattern will usually emerge from using the diagnostic which provides a semi-analytical justification to reinforce what you already know or identifies new areas of opportunity which you may not have previously identified.

Clearly, the 'possible solution' may not be appropriate in your circumstance. However, where you feel it is, an attempt is also made to start you on the journey of improvement by outlining the solution in slightly more detail in the appendices, or by pointing you to the relevant source of further information. Where CSED are developing and/or refining potential solutions this is also highlighted.

Rather than attempt to read the whole diagnostic, the reader is encouraged to read the diagnostic in two passes:

1. Read through the left hand side 'diagnostic' set of statements first, identifying along the way those statements which you disagree with most. (If you are unclear about the point the statement is trying to make you may want to read the implications column for that particular statement – otherwise read on).
2. Having read through the left hand side of the document, start again, but this time stopping at those statements where you have disagreed. Check the solution (in the slightly shaded column) as see if you believe it could assist you. You may have your own better idea on what you want to do (in which case we would also be interested to hear from you) or you may decide that, in your situation, it is not a priority (hence the importance scoring column).

4. Your Feed-back

This is an evolving document and we are keen to learn from those of you make use of it to improve it for others. Equally, your feed-back will direct any future investment in terms of areas focus for the CSED programme.

Given our remit in terms of helping councils meet efficiency goals, we are particularly interested to hear from those who apply the diagnostic and gain some form of value improvement as a result.

If you have any feed-back please send it to either of:

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Appendix A : CSED Better Buying Opportunistic Diagnostic

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	3	Action 4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	3	High 4
ORGANISATION AND PEOPLE	You have the right level of seniority in the organisation to make decisions regarding supply strategy. Usually this will be into director / assistant director level given likely impact on other related functions.									Without such a link it is likely that you are struggling to execute a strategic role and you are effectively forced to limit your influence to transactional and tactical decisions.	Hire / promote individuals with the right calibre to lead and implement an improvement portfolio. Such individuals must be able to successfully influence heads of departments, external providers and appropriate directors.				
	This authority extends to provide you with priority treatment, when requested, from related functions/departments:.									If you do not have this it would suggest you find it difficult to get the information and service you need to make effective strategic decisions	Likely to be self-evident. If not already in place consider requesting, via your director, official points of contact at the appropriate level in each related function.				
	• IT														
	• Finance / accounts														
	• Operational management														
	You have sufficient time / capacity to routinely review and improve the performance and effectiveness of your area of supply									Experience indicates that commissioning related activities need to be a core part of, rather than additional to, the day job. Even if you have the right support and influence, if you do not have the time or resource to focus on improvement it will only partially deliver	If you have considerable operational responsibilities, you are likely to need to either: • Hire qualified project resource; or • Back fill the role of existing staff for the period of improvement				
	You liaise to an appropriate extent with other parts of your organisation and/or other organisations who are likely to be dealing with the same market									Given the current focus on commissioning, if you are not tapping into these related organisations, you may be missing collaborative opportunities or access to support resource					
	• Internal : Supporting People										Take advantage of the current focus on commissioning to establish better relationships with your internal colleagues.				
	• Internal : Childrens services														
	• External : Health (PCT and PBC)										Take advantage of the push on 'joint commissioning' to open up collaborative work with Health				
	• External : Regional support agencies (RCEs, IdEA, CSIP, etc.)										Your Regional Centre of Excellence is usually a good place to start – they tend to have a good idea of what else is happening in your region.				
	• External : Appropriate purchasing hubs														

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	Action 3	4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	High 3	4
ORGANISATION AND PEOPLE (continued)	You have appropriate management information in terms of people, operational processes and effectiveness of supporting technologies to ensure successful ongoing operation of the commissioning function.									If you do not have such information readily to hand it is quite possible that the commissioning function is not operating efficiently and could well be spending disproportionate time on non-value adding activities	Over the summer/autumn of 2008 The Department of Health is reviewing its requirements in terms of central returns (PSS/EX, RAS, HH1, etc.) with a view to make such returns much more operationally meaningful to the councils who, in theory, should benefit from this type of information.				
	You have a good understanding of the commissioning related skills required to implement and develop the current commissioning ambitions. You have mapped the individuals within the commissioning function against these skills and have identified gaps and how to fill them.									Quite often the individuals who make up the commissioning function have evolved into the role. Without a clear statement of which skills are required for a particular activity, staff will remain ignorant of the available options and as a consequence likely to design and implement a sub-optimal solution.	*CSED will be creating a mapping matrix linking recommended skills to the specific requirements at each stage in the commissioning cycle.*				
	You have appropriate procedures, processes and systems for developing commissioning and implementing commissioning related deliverables									The implementation of commissioning is likely to be fragmented, silo based and somewhat ineffective in meeting social services objectives.	*This diagnostic is intended to provide a framework around which a much expanded set of suitable tools and techniques will be built. This will provide a useful set of inputs to the development of such materials*				
	You have a clear, actively used and structured process for developing and expanding the skills of those carrying out the commissioning function. This extends to access to appropriate work-based and formal training.									You are likely to be hiring external consultants and/or interims and/or interims to fill the gaps in commissioning skills. You may well be suffering from low morale from individuals currently assigned responsibility for this area	*CSED will be providing references to appropriate sources of training*				

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	3	Action 4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	3	High 4
STRATEGIC DIRECTION	You liaise to an appropriate extent with other parts of your organisation and/or other organisations who are likely to be dealing with the same market									Given the current focus on commissioning, if you are not tapping into these related organisations, you may be missing collaborative opportunities or access to support resource					
	• Internal : Supporting People										Take advantage of the current focus on commissioning to establish better relationships with your internal colleagues.				
	• Internal : Childrens services														
	• External : Health (PCT and PBC)										Take advantage of the push on 'joint commissioning' to open up collaborative work with Health				
	• External : Regional support agencies (RCEs, IdEA, CSIP, etc.)										Your Regional Centre of Excellence is usually a good place to start – they tend to have a good idea of what else is happening in your region.				
	• External : Appropriate purchasing hubs														
	You continuously review emerging policies from both central government and your local corporate environment and have an effective mechanism for assessing and, if appropriate, incorporating any changes within your commissioning strategies									Without an effective mechanism for reviewing and assessing such policies you are likely to be in a continuous state of reactive response.	You might want to consider implementing a structured change control system which periodically reviews, summarises, assesses and actions (when appropriate) policy changes.				
	You review your direction of travel with neighbouring councils and partner commissioners such as health									Commissioning activities are likely to impact a wider market than just your own and vica versa. A lack of consistency or, even worse, contradictory strategies, are likely to lead to problems for all parties	If not already in place consider establishing a periodic process (at least quarterly) for engaging with other commissioners to both test ideas and ensure that strategies are ideally compatible but, as a minimum, known about.				
	You routinely benchmark your intentions and performance with other equivalent organisations. In addition to the comparisons you are able to share best practice with others and learn from what others are doing									You routinely find yourself investing in changes only to find out later that someone else has already gone through the learning and could have helped you do it better.	There are a variety of 'benchmarking' clubs operated by the likes of CIPFA. The Information Centre, via Dr. Fosters, provides relative performance information on returns. Consider formally adopting the philosophy outlined in things like the European Code of Benchmarking practice				
	Your commissioning cycle mirrors your financial planning processes									There will be a disconnect between commissioning ambitions and financial reality.	Consider developing a formalised process for aligning commissioning strategy development with financial planning processes.				

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	3	Action 4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	3	High 4
STRATEGIC DIRECTION (continued)	You, and the rest of the organisation, are totally clear on what your priorities are for your areas of responsibility for the period. They are expressed in clear terms (ideally following SMART principles). These are aligned with those of other related functions									Misalignment or lack of clearly stated and agreed objectives can mean that you end up doing a significant amount of work, only to get it rejected by one or more key stakeholders when it gets close to implementation.	Even if it is only in the context of a specific improvement project, it is worthwhile writing down your assumptions on your objectives and getting them agreed early. *For those of you who are not familiar with it there is an outline of the SMART model in Appendix D.*				
	The agreed objectives are supported by a balanced set of operational measures which are regularly used to check direction of travel.									Without an appropriate set of operational measures you are unlikely to know what progress you are making or whether you are even doing the right thing.	The 'Balanced Scorecard' approach is a commonly used framework for defining a balanced set of measures - reflecting service user outcomes, process improvement, employee (direct and indirect) development and financial impact. *See, for example 'Balanced Scorecard : Step-by-Step for Government and Non-profit Agencies' by Paul R. Niven (Wiley) ISBN 0-471-42328-9 (US bias)*				
	You have an effective (concise and simple) process for communicating commissioning strategy to operational staff within the council and other stakeholders outside of the council. You have a communications plan which manages the release of such information.									Your commissioning ambitions are nothing more than ambitions. They have not been converted into Doing.	A communications planning template will be provided. You should be able to summarise each major component of any commissioning intention on a single sheet of A4. If not it is probably too complicated to operationalise.				

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	Action 3	4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	High 3	4
STRATEGIC NEEDS (DEMANDS)	You have a good set of analysis covering 'total' market needs (demand) and how it is forecast to change over time. 'Total' in this context includes the needs of self-payers .									The authority could make investments in areas which no longer require them and/or not invest in emerging areas in a timely manner (resulting in over/under investment) The self-pay market can have a significant impact on (a) the demand you have to plan for and (b) your ability to negotiate price. (the level of needs analysis should be appropriate to the lead time needed for investment)	There are a variety of solutions to improve your strategic needs analysis. *Tools supporting this area of commissioning include:* • *POPPI* • *Planning for Care* • *Dr Foster* • *….* ***www.csed.csip.org.uk***				
	The level of understanding of local need is at a sufficiently granular level to allow for specific service long term planning														
	There is clear linkage between the needs analysis and long term strategic investment decision making														
	You have formally linked your understanding of demand with those produced by Health via the Joint Strategic Needs Assessment (JSNA). Ideally you have worked together on this assessment									You are likely to have carried out the work independently with unnecessary duplication of effort. It is quite possible that any downstream planning may result in either gaps in service or duplication of service.	The Department of Health have published a recommended minimum data set which should provide a basis for a JSNA. CSED have produced guidance on these processes and will be producing templates to support this work (in addition to tools such as POPPI which support the activity)				
	In addition to the health related demographic analysis described above, you have taken advantage of other forms of demographic analysis (population characteristics) to support strategic needs analysis									Your planning will be sub-optimal if you have failed to use such tools. These are able to provide a useful insight into locality specific population characteristics which can affect both the nature and location of support facilities	Quite often another part of the council will have access to tools such as MOSAIC which will provide such information. Dr Foster, and others, incorporate such analytical support tools within the products which they offer				
	You have mechanisms for routinely getting community feed-back into your planning processes.									There is a disconnect with what the local population actually want and the services you are delivering.	Consider employing local town-hall meetings, street surveys, provider surveys, internet surveys, etc. as a means of getting local inputs into the planning process. CSED have commissioned academic work to better understand future needs				
	You have the ability to easily 'see' demographic information plotted onto geographical maps.									You will be missing geographical patterns of distribution and may well have facilities which are under-utilised in some areas but over-subscribed in others	Invest in appropriate geographical mapping software. This will almost certainly be available to other parts of the council.				
	Your social care needs analysis has been done in conjunction with planning for universal services (libraries, leisure, local amenity, etc)									You are not taking full advantage of universal services and are probably operating sub-optimally with regard to preventing individuals entering the more expensive services	Carry out the strategic needs analysis in conjunction with planning for future services. This is not just about new services – it is also about reconfiguring existing services to better meet social services objectives.				

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	3	Action 4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	High 3	4
UNDERSTANDING THE MARKET (SUPPLY)	Services are clearly classified and suppliers are mapped into these groupings (to allow for supplier to supplier comparison within like market segments)									Without any clear segmentation and the ability to link individual suppliers to these segments you are likely to have to do it manually prior to any market analysis and you are likely to have limited useful operational information.	Ideally map suppliers / spend into a recognised classification system (*such as the Thomson system – see Appendix E – it is also intended to build this functionality into the CSED data warehouse tool*). If done correctly this can also be used to automatically generate the annual returns required by European Procurement Law (for Type B Services).				
	You have a good database of all of the potential sources of supply within a reasonable distance of your authority – including commercial and third sector organisations servicing the self-pay market (not just those you currently use)									If the scale of the market is not known, the authority will not know the potential contestability for a given service and as a consequence your flexibility in negotiation. (A periodic 'Request for Information' can also be used to keep suppliers on their toes)	You may already have this via your list of suppliers (active and passive) in your current systems. If not, there is no harm in going to market on a 'Request for Information' basis *If unable to store this in your operational environment the CSED data warehouse is intended to provide this functionality.*				
	For each market segment you have a good understanding of the cost drivers and what you should be paying. This is known for both in-house and external providers and includes consideration of competition for resources from other sectors									Without a knowledge of the cost drivers and particular pricing characteristics of the market, specific opportunities may be missed or changes you make may have a negative impact on supply.	A number of costing models have been developed for residential care (for complex packages refer to your RCE). There is a UKHCA model for home care (somewhat complex and not ideal for price setting). *[CSED may well propose a pricing breakdown structure for home care]*				
	You have a good knowledge of the other 'buyers' in the market. Ideally you have a relationship which enables the sharing of information. Other 'buyers' are likely to include: • Other departments (SP / Children); • PCT/PBC and/or adjacent councils; • Supporting People, etc									It is highly likely that there is variable pricing and different terms across these buying channels. You may be missing an opportunity to achieve better terms. Even if not there may be scope to negotiate improvements by simplifying and reducing administrative costs with the supplier.	If not already doing so you should consider benchmarking (see your RCE). The Office of Fair Trading have made it fairly clear that they will not regard sharing of information across the public sector as anti-competitive behaviour – provided it is in the public interest.				
	You have a good understanding of the structure of your supply chains.									If your link into the market is via an agent or other form of middle man, you may be missing an opportunity to reduce their role.	You might want to find out how your suppliers are operating (franchise, agency, holding company, primary contractor, etc.)				

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MODELS OF CARE and CARE PATHWAYS	You have analysed the flow of individuals with particular conditions through the various services as their conditions deteriorate and understand the associated costs of these pathways.									You are treating each type of service in silos and are not taking full advantage of the different options to reduce the cost of care. E.g. people are in residential when they could be receiving housing related support and homecare	Consider analysing the long term history of individuals as they go through the system and what the costs of the current flow through the system are – especially around well identified care pathways: dementia, falls, etc. CSED are developing Systems Dynamics modelling solutions to assist in this process				
	You have clearly stated policies regarding the flow of individuals through and into the various forms of potential support: universal services, housing related services, the various forms of social services support, intermediate care and health.									Individuals are ending up having forms of support which increase, rather than reduce, dependency. Individuals are in long term placements rather than short term rehabilitation services.	Linked to the above, consider implementing procedural gateways (stops and checks) which minimise the chance of an individual ending up in an inappropriate setting.				
	Your models of service are designed on the premise of re-ablement / rehabilitation rather than on risk avoidance / dependency									You are likely to have over-specified packages which increase rather than decrease dependency (and cost)	CSED analysis of those councils who have implemented this philosophy have demonstrated reductions of up to 50% in home care packages. CSEDs experience suggests that up to 30% of individuals within residential care could be brought back into the community				
	Your models of care have embraced the principles underlying self-directed support and personalisation and this is reflected in the nature of services you have on offer									You are likely to have services which no longer reflect the aspirations of greater control and flexibility and, arguably, lower cost associated with self-directed support					

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	Action 3	4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	High 3	4
COMMERCIAL STRATEGY (INTERNAL vs EXTERNAL)	You have a well documented commercial strategy which incorporates your overall approach to social services based upon the evidence gathered above. This converts principles into the high level actions required to implement the objectives										*A checklist of the topics which should be covered within this strategy is included in the Appendices. The strategy covers all aspects including the organisational/cultural changes, marketing and funding required to effect the strategy.*				
	You have a well defined process for assessing the case for outsourcing (or in-sourcing) based upon a clear business case framework									There is evidence to suggest that, in approximately 50% of cases, councils have not outsourced well. If outsourcing decisions are not made in a robust well structured way, it is more than likely that efficiencies will be lost not gained – particularly if 'retained' costs are not properly factored in or if contracts are worded vaguely - allowing for future additional unexpected charges.	*[The CSED Programme is developing a tool-kit consisting of checklists, templates and processes for developing the business case to outsource a service to assist councils in this area].*				
	You have a clear mechanism for pricing in-house services and for translating this into the Resource Allocation System (RAS). The RAS is transparent to those receiving such benefits									If you have not done such an analysis for some time it is likely that inefficiencies have crept into the internal services. A detailed review will often unearth opportunities to reduce internal costs as well as providing a basis for pricing	*CSEDs Internal versus External toolkit encourages a structured approach which helps identify appropriate pricing.*				
	The commercial strategy is strongly aligned to the achievement of customer focussed 'Outcomes'. Such outcomes include objective and commercial aspects as well as the more common user satisfaction / subjective aspects.									The strategy is more likely to be internal facing rather than customer facing with the consequence that the focus ends up being more about internal processes (the easier thing to do) rather than meeting the needs of the community and managing the market to meet these needs	*CSED are developing an outcomes framework which attempts to better address the objective commercial perspective indicated here.*				

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	3	Action 4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	3	High 4
MARKET DEVELOPMENT	You have recently investigated opportunities to influence the market by stimulating market development, creating competitive alternatives, growing the role of the Third Sector, lowering barriers to entry etc.									It is unlikely that you will have exercised your commercial power if you have not done this recently. Alternatively you may be engaging on a strategy which damages market conditions (e.g. by removing competition).	Porter's Five Forces model is a very useful framework for investigating market dynamics and exploring alternatives (*see Appendix F*).				
	You routinely share your plans with your providers (and you have identified those providers who you consider to be key)									The external market will be unprepared when it comes to putting your aspirations into operation.	*CSED will be making a number of its tools (e.g. POPPI) available to the provider community.* *Consider creating mechanisms to encourage early provider involvement in developing your plans*				
	You have a mechanism for encouraging and capturing ideas for innovation and improvement from the providers in your area (not just those with whom you currently contract with)									You will not be taking advantage of what can turn out to be a creative set of ideas and could be showing signs of 'we know best'. Suppliers will be less receptive to change.	*CSED will develop suggested formats for engaging suppliers in this way and provide templates for capturing and processing 'Ideas For Improvement'*				
	You have a clear strategy for encouraging and developing input from smaller niche providers and the third/voluntary sectors. This includes removing barriers to entry around over-specification and procurement process									You will not be taking advantage of what often turn out to be lower cost more effective services on offer from this type of provider. You will be struggling to meet the Government commitment to place 30% of council spend with this type of provider.					
	You have identified those services which you control / commission which could also benefit service users via providers ie. Those which are 'cheap' for you to extend and which can add considerable value to service users (e.g. discounted rates for universal services)									You are not leveraging the full set of service offerings via the provider community.					

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	3	Action 4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	3	High 4
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COMMERCIAL STRATEGY (INTERNAL vs EXTERNAL)	You have a well documented commercial strategy which incorporates your overall approach to social services based upon the evidence gathered above. This converts principles into the high level actions required to implement the objectives										*A checklist of the topics which should be covered within this strategy is included in the Appendices. The strategy covers all aspects including the organisational/cultural changes, marketing and funding required to effect the strategy.*				
	You have a well defined process for assessing the case for outsourcing (or in-sourcing) based upon a clear business case framework									There is evidence to suggest that, in approximately 50% of cases, councils have not outsourced well. If outsourcing decisions are not made in a robust well structured way, it is more than likely that efficiencies will be lost not gained – particularly if 'retained' costs are not properly factored in or if contracts are worded vaguely - allowing for future additional unexpected charges.	*[The CSED Programme is developing a tool-kit consisting of checklists, templates and processes for developing the business case to outsource a service to assist councils in this area].*				
	You have a clear mechanism for pricing in-house services and for translating this into the Resource Allocation System (RAS). The RAS is transparent to those receiving such benefits									If you have not done such an analysis for some time it is likely that inefficiencies have crept into the internal services. A detailed review will often unearth opportunities to reduce internal costs as well as providing a basis for pricing	*CSEDs Internal versus External toolkit encourages a structured approach which helps identify appropriate pricing.*				
	The commercial strategy is strongly aligned to the achievement of customer focussed 'Outcomes'. Such outcomes include objective and commercial aspects as well as the more common user satisfaction / subjective aspects.									The strategy is more likely to be internal facing rather than customer facing with the consequence that the focus ends up being more about internal processes (the easier thing to do) rather than meeting the needs of the community and managing the market to meet these needs	*CSED are developing an outcomes framework which attempts to better address the objective commercial perspective indicated here.*				

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	3	Agree 4	PROGRESS None 1	Planned 2	3	Action 4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	3	High 4
MARKET DEVELOPMENT	You have recently investigated opportunities to influence the market by stimulating market development, creating competitive alternatives, growing the role of the Third Sector, lowering barriers to entry etc.									It is unlikely that you will have exercised your commercial power if you have not done this recently. Alternatively you may be engaging on a strategy which damages market conditions (e.g. by removing competition).	Porter's Five Forces model is a very useful framework for investigating market dynamics and exploring alternatives (*see Appendix F*).				
	You routinely share your plans with your providers (and you have identified those providers who you consider to be key)									The external market will be unprepared when it comes to putting your aspirations into operation.	*CSED will be making a number of its tools (e.g. POPPI) available to the provider community.* *Consider creating mechanisms to encourage early provider involvement in developing your plans*				
	You have a mechanism for encouraging and capturing ideas for innovation and improvement from the providers in your area (not just those with whom you currently contract with)									You will not be taking advantage of what can turn out to be a creative set of ideas and could be showing signs of 'we know best'. Suppliers will be less receptive to change.	*CSED will develop suggested formats for engaging suppliers in this way and provide templates for capturing and processing 'Ideas For Improvement'*				
	You have a clear strategy for encouraging and developing input from smaller niche providers and the third/voluntary sectors. This includes removing barriers to entry around over-specification and procurement process									You will not be taking advantage of what often turn out to be lower cost more effective services on offer from this type of provider. You will be struggling to meet the Government commitment to place 30% of council spend with this type of provider.					
	You have identified those services which you control / commission which could also benefit service users via providers ie. Those which are 'cheap' for you to extend and which can add considerable value to service users (e.g. discounted rates for universal services)									You are not leveraging the full set of service offerings via the provider community.					

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	3	Action 4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	High 3	4
COMMERCIAL STRATEGY (INTERNAL vs EXTERNAL)	You have a well documented commercial strategy which incorporates your overall approach to social services based upon the evidence gathered above. This converts principles into the high level actions required to implement the objectives										*A checklist of the topics which should be covered within this strategy is included in the Appendices. The strategy covers all aspects including the organisational/cultural changes, marketing and funding required to effect the strategy.*				
	You have a well defined process for assessing the case for outsourcing (or in-sourcing) based upon a clear business case framework									There is evidence to suggest that, in approximately 50% of cases, councils have not outsourced well. If outsourcing decisions are not made in a robust well structured way, it is more than likely that efficiencies will be lost not gained – particularly if 'retained' costs are not properly factored in or if contracts are worded vaguely - allowing for future additional unexpected charges.	*[The CSED Programme is developing a tool-kit consisting of checklists, templates and processes for developing the business case to outsource a service to assist councils in this area].*				
	You have a clear mechanism for pricing in-house services and for translating this into the Resource Allocation System (RAS). The RAS is transparent to those receiving such benefits									If you have not done such an analysis for some time it is likely that inefficiencies have crept into the internal services. A detailed review will often unearth opportunities to reduce internal costs as well as providing a basis for pricing	*CSEDs Internal versus External toolkit encourages a structured approach which helps identify appropriate pricing.*				
	The commercial strategy is strongly aligned to the achievement of customer focussed 'Outcomes'. Such outcomes include objective and commercial aspects as well as the more common user satisfaction / subjective aspects.									The strategy is more likely to be internal facing rather than customer facing with the consequence that the focus ends up being more about internal processes (the easier thing to do) rather than meeting the needs of the community and managing the market to meet these needs	*CSED are developing an outcomes framework which attempts to better address the objective commercial perspective indicated here.*				

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	3	Agree 4	PROGRESS None 1	Planned 2	3	Action 4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	3	High 4
MARKET DEVELOPMENT	You have recently investigated opportunities to influence the market by stimulating market development, creating competitive alternatives, growing the role of the Third Sector, lowering barriers to entry etc.									It is unlikely that you will have exercised your commercial power if you have not done this recently. Alternatively you may be engaging on a strategy which damages market conditions (e.g. by removing competition).	Porter's Five Forces model is a very useful framework for investigating market dynamics and exploring alternatives (*see Appendix F*).				
	You routinely share your plans with your providers (and you have identified those providers who you consider to be key)									The external market will be unprepared when it comes to putting your aspirations into operation.	*CSED will be making a number of its tools (e.g. POPPI) available to the provider community.* *Consider creating mechanisms to encourage early provider involvement in developing your plans*				
	You have a mechanism for encouraging and capturing ideas for innovation and improvement from the providers in your area (not just those with whom you currently contract with)									You will not be taking advantage of what can turn out to be a creative set of ideas and could be showing signs of 'we know best'. Suppliers will be less receptive to change.	*CSED will develop suggested formats for engaging suppliers in this way and provide templates for capturing and processing 'Ideas For Improvement'*				
	You have a clear strategy for encouraging and developing input from smaller niche providers and the third/voluntary sectors. This includes removing barriers to entry around over-specification and procurement process									You will not be taking advantage of what often turn out to be lower cost more effective services on offer from this type of provider. You will be struggling to meet the Government commitment to place 30% of council spend with this type of provider.					
	You have identified those services which you control / commission which could also benefit service users via providers ie. Those which are 'cheap' for you to extend and which can add considerable value to service users (e.g. discounted rates for universal services)									You are not leveraging the full set of service offerings via the provider community.					

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None Planned 1	2	Action 3	4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	High 3	4
SCOPE AND SPECIFICATION	You have a clear set of written expectations regarding scope. The scope is clear about any indirect requirements (i.e. if there are requirements for the provider to provide infrastructure). It is clear what is scope and what is peripheral information. The scope state what is required as opposed to how it should be delivered.									A lack of clearly specified scope makes it difficult to compare pricing on a like-for-like basis. Some suppliers may take advantage of loosely worded scope to claim for 'top-ups' and other forms of extras. If not clearly stated, suppliers may not pick up on all areas of scope – they may become confused. An over-prescriptive scope regarding how to deliver the service can limit the ability to deliver efficiencies.	Check to see if all scope requirements are clearly segregated from other information. Consider involving your providers in defining the scope in a language they understand (scope creep should obviously be managed). Consider working collaboratively with other 'buyers' to establish a common language of requirements (and thereby make it easier for providers). *[If there is sufficient demand, CSED may, in the future, consider facilitating agreement to standard library of service definitions].*				
	Where there are requirements to meet certain standards (performance, quality, etc.) these are clearly stated. It is clear to suppliers which of these are essential (Yes/No), which will be measured, which will have a commercial impact if not met or exceeded and which are simply for information.									Here again, without clarity regarding what is important and what is not, the council may be paying for things it does not need (or not getting the things it is paying for). Generic reference to existing standards (e.g. National Minimum Standards) can add unnecessary (cost inflating) requirements on providers – particularly the smaller ones operating in this sector.	Similar solutions to those stated above. If you do not have a separate schedule of these requirements it is worth considering creating one for clarity sake. *[Again, if sufficient demand, CSED may, in the future, facilitate agreement to a standardised framework for specifying this type of requirement]*				
	There are measures which link directly to strategic objectives and outcomes (and, as importantly, results). For those which you consider important there are appropriate commercial incentives (either performance related credits or rewards).									If there are no formal measures, or the measures are unclear and there are no commercial implications of meeting performance requirements, then it is unlikely you will have a clear mechanism for demonstrating quality and/or operational level continuous improvement.	It can be useful to brainstorm what matters from the perspective of the different stakeholders (service user, carer, provider, buyer, council and tax payer), map these to your existing operational measures (identifying any new measures in the process) and then prioritising which are most important. *[CSED are developing a framework of operational measures which will hopefully compliment the work of CSCI]*				
	You have collaborated on a cluster / regional / national basis in order to align your requirements with those of your neighbours in order to reduce duplication and confusion										Link to regional collaborative				

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	Action 3	4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	High 3	4
SCOPE / SPEC cont	You encourage the take up of lower cost practical care as well as personal care (where there is informal care provision to support the personal care aspect and in order to ensure flexibility to meet individual needs)									Many authorities have a heavy bias toward the provision of personal care – and yet this will often be more expensive and be seen as less useful to those in need.	Since FACS relates to the definition of need, there is no reason why councils cannot supplement personal care provided by informal carers with council funded practical care. Indeed, there is an increasing emphasis on this type of care under the Green Paper preventative agenda. (It also aligns with many peoples choice under direct payments).				

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	Action 3	4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	High 3	4
TACTICAL CAPACITY PLANNING	Current and short term (lead time based) planning is a routine feature of what you do. There are time based trends for specific services in terms of current utilisation and capacity. Current committed capacity is superimposed on these profiles.									An absence of effective lead time based capacity planning will potentially lead to under-utilisation or premium pricing as a result of emergency purchases. If you only monitor total utilisation levels you will only have part of the picture since the number of leavers and new entrants has a major impact on resource capacity.	*The CSED data warehouse tool is intended to provide councils with the means to analyse this type of information at a local level.* *The toolkit being developed as part of the CSED Demand Forecasting and Capacity Planning work-stream is also intended to evolve to cover this requirement.*				
	The above capacity planning process takes into account local geographical 'zones' so that capacity management is at a sufficiently localised level.									If the localisation of capacity planning is not at the right level, you may have an overall satisfactory level of demand and supply, but you may be suffering from major peaks and troughs within particular localities.	If not already doing so, consider linking you capacity data to your geographical information system. For most people it is a lot more useful to see patterns of demand and capacity on a map rather than in figures. *[Given sufficient demand, CSED may consider enhancing the planned data warehouse by linking it to a low cost standalone geographical mapping solution such as Microsoft MapPoint]*				
	You have a sufficiently efficient link with potential referral sources (such as PCTs) to enable you to react in a more timely way to sudden demands on capacity created by unexpected events (e.g. flu epidemics).									If you have no established protocols you may find yourself in a situation where you suddenly have no capacity. The longer the notice period you have the better your ability to react to sudden changes in demand	If not already in place, consider using the current focus on joint commissioning to establish more streamlined communication channels with potential sources of referral.				
	The available capacity of providers is known and regularly maintained. This extends to current utilisation levels and knowledge of how long it would take suppliers to meet varying levels of changing demand (response time).									If utilisation levels are not known or managed, it is likely that providers are charging (in one way or another) for unused capacity or, conversely, charging a premium if there is a shortage of supply. Flexibility to accommodate changes in local or national policy will also be significantly compromised.	Many councils will know at a tactical operational level current utilisation levels against current commitments. However, this may not take into account the self-pay or incoming outplacement markets. If not already in place, establishing an effective ongoing supplier management process will provide a mechanism to improve the situation. The ideal solution is a shared internet enabled capacity booking / planning solution.				
	You successfully plan for transitions from one service area to another. This extends to the children/adult transition boundary and to the health / social care interface.														

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None Planned 1	2	Action 3	4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	High 3	4
THE TENDERING (CONTRACTING) PROCESS	You have a sufficiently good understanding of the relevant procurement law – particularly that related to Part B services									If sufficient knowledge is not embedded in the relevant parts of the organisation it is highly likely that there will be inappropriate arrangements with some suppliers	Probably the best starting point for information on EU procurement guidance is: www.ogc.gov.uk Alternatively, check with finance if you have local on-line access to the various CIPFA Procurement and Commissioning publications www.cipfa.org.uk *CSED is working on a simple guide to EU commitments regarding Part B services.*				
	Are you sufficiently familiar with how to deal in an appropriate way with the third sector (voluntary and other not for profit) organisations and when it is appropriate to use grants versus contracting.									If not, it is quite possible that you are paying more for an equivalent service than you might if you were to competively tender. You could be subsidising activities for which you gain no benefit. You might by using grants inappropriately. You may have misunderstood the principle of 'full cost recovery' as applied to the sector	The National Audit Office have produced a very useful set of guidance which puts dealing with third sector organisations into a commercial context: www.nao.org.uk/guidance/better funding There is also an OGC document entitled: 'Think Smart … Think Voluntary Sector'				
	The authority has a good and established set of standard 'contract' terms / arrangements which it is rapidly able to adapt to specific circumstances									If the authority has no such standard 'library' it is highly likely that there will be inconsistencies across the supply base and you will be spending a lot of time writing such documents.	If you do not already have a standard library of appropriate terms it is worth investing in creating one as you tender. If you would like a good starting point the OGC Model Terms and Conditions of Contract have, in our view, an appropriate balance between buyer and supplier interests (many other standard forms have their origins in the supply market – with associated bias) www.ogc.gov.uk				
	You have the knowledge to execute a robust tendering process and are familiar with appropriate techniques to prepare for tendering. This takes into account how you see the supplier and how they may see you. You have an appropriate approach to deciding the balance between block, cost & volume and spot contracts.									Without proper preparation you may be approaching the market in an inappropriate and sub-optimal way. You may end up paying more than you need to or creating medium to long term problems. Given changing eligibility criteria and the drive on direct payments and individual budgets you may become over-committed.	Preparing for and executing a tendering process is a subject in its own right. DCLG have recently published 'A Guide to Procuring Care and Support Services' which provides a useful overview and, if you search for it on their website, many useful templates. www.spkweb.org.uk/ Please see Appendix G.				

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	3	Action 4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	3	High 4
TENDERING cont	The team responsible for executing the exercise has the knowledge and experience to execute a competitive tendering process and/or contract renegotiation process									There are certain skills which are essential for a successful tendering / renegotiation process – without them the outcome will be sub-optimal and you are likely to pay more	The above guide also provides a step-by-step guide to the process of tendering. You should ensure you have professional procurement support. *CSED will be supplementing this guide with additional specific negotiation materials.*				
	The specific pricing arrangements are optimal in terms of price paid (especially for out-of-hours, short visits). Annual price adjustments are based on market dynamics.									Quite often authorities end up paying premium rates as the norm. Annual price increases are based on a formula which takes no account of market dynamics.	A transaction level analysis of spend will provide an indication of the extent of this. *The CSED data warehouse tool is intended to provide this functionality.*				

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	Action 3	4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	High 3	4
CONTRACT MANAGEMENT	You have a good summary of the key points of each contract or nature of relationship with all of your providers (including those from the third sector).									A lot a time can be taken up searching out the key contract points if not recorded concisely. It is likely that some contracts will have expired. You are likely to dependent on key individuals (who may move on) for their knowledge of any less formalised relationships	If you do not already have such a list, unfortunately there is no alternative but to dig out the contracts and/or talk to key individuals. *The CSED data warehouse will have the functionality to capture key contract terms.*				
	You have appropriate formal arrangements (usually 'contracts') in place with all providers – including those from the third sector.									If you have many providers with whom there is no formalised relationship, you may well be in a situation where you have limited flexibility and, in the worse case, you may be under supplier terms which maximise your obligations and minimise their own. You may be compromising your ability to achieve value for money.	You may want to revisit those cases where you do not have some form of formalised relationship. If market conditions are changing, there is no reason why terms cannot be renegotiated (without re-tendering) particularly if you have a 'Best Value' clause built in.				
	You have an ongoing formal contract review process at an appropriate level depending on supplier. (*also see Performance Management*). This forum encourages proactive suggestions for improvement and innovation.									Contracts often fall apart over time because they are not maintained in a current state. Complacency can set in, or the original intent of the contract may become lost. You are unlikely to have a mechanism for continuous improvement. If you are envisaging making large savings on retendering it is probable that you have not managed existing contracts effectively.	There is (archived) OGC guidance on this topic called 'Contract Management Guidelines' with new materials on the topic imminent. If you do not have such a process, you can start with setting up executive level 'key supplier relationship managers' who act as both escalation points and as chairs for periodically reviewing contracts				

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	3	Action 4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	3	High 4
PERFORMANCE MANAGEMENT	The key performance measures are applied to providers and have some form of commercial incentive associated with them (*see the related heading under Scope and Specification)*.									If there is no commercial incentive (or performance credit if considered critical) then the supplier will not know what matters and what doesn't – there is unlikely to be a culture of continuous improvement.	Consideration of financial incentives can be a useful means of changing behaviours. *In addition to providing the performance framework outlined under Scope and Specification, CSED may provide guidance in different incentive options (gain-share models)*				
	There is an ongoing process (monthly) for reviewing performance and this is reviewed to identify areas for potential improvement (as well as to identify suppliers who may be underperforming).									Without appropriate review processes it is possible that inappropriate performance targets may have been set in the first place. It is possible you may be awarding work to expensive poor performers and not lower cost high performers.	Linked with the more strategic improvement process identified under the contract review process, you might consider establishing an ongoing process for reviewing operational data on a regular basis. *It is intended to provide the ability to store such data in the CSED data warehouse tool.*				
	There is a clearly understood operational process for getting to the root cause of identified performance issues									If there is no mechanism for correcting or understanding the root cause of performance problems it is unlikely it will improve.	There are well documented quality related techniques for establishing root cause : the Cause and Effect (fish-bone) diagram (Appendix H) and the 5 Whys (asking 'why' five times) to name two.				

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	3	Action 4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	3	High 4
CARE PACKAGE PLACEMENT	You have a separate function (often referred to as care package co-ordination or care brokerage) for placing service users into the supply base									If a large number of operational staff are liaising with providers, it will usually be inefficient for both purchaser and supplier. There are likely to be a large number of unmanaged relationships and the price paid is likely to be highly variable.	Whilst it has proven difficult to obtain good quality quantifiable evidence for this model, the majority of councils who have implemented it claim it has benefited them. *There is a CSED initiative in development to provide better evidence for this change*				
	New suppliers are appointed through a controlled process (via either a formal tendering process or via a controlled addition to a framework or approved supplier list).									Apart from the governance issues around due process, highly localised freedom to add new suppliers creates an administrative burden and an increased likelihood for variable pricing.	Put greater controls in place to limit how the authority appoints new suppliers.				
	You have an efficient (ideally automated) process for converting care plan into provider requirement (and order).									The process of converting from care plan to effective supplier order can be extremely labour intensive. Manual processes can lead to error and delay.	If you have not already gone through a process of standardising the paperwork and moving to tick-box/pick list style data sheets, this can be a worthwhile exercise. If you do not currently have an integrated system it is possible to semi-automate the process. *CSED have a related initiative on Simplification of Paperwork.*				
	You place orders with suppliers with due consideration to minimising travel time.									Travel time is often a significant factor for home care (often up to 20% - 30% of total care costs). If not managed, this is unnecessary wastage.	Many councils have broken their area into 'zones' to address this issue. Some councils are linking their requirements into their GIS system for an even better geographical fit. *[With suitable demand, CSED may consider developing a low cost variant of this solution]*				
	The day-to-day placement of care packages takes into account ongoing supplier capacity (at an operational level)									A lack of such informed decision making is likely to lead to short term peaks and troughs for individual suppliers (resulting in unnecessary premiums / supplier overheads).	If not already in place, consider introducing an operational process for capturing and checking supplier utilisation levels (links to capacity planning discussed above).				
	The authority spends very little time in arranging / sorting out 'delivery booking' issues									Again, this is an activity which can take up considerable time. Any re-work of this nature, if significant, is clearly waste.	Encourage direct provider / service user co-ordination (without involvement of the authority). Establish / make use of some form of on-line booking system.				

	Diagnostic Statement	EXTENT APPLIES Disagree 1	2	Agree 3	4	PROGRESS None 1	Planned 2	3	Action 4	Impact of the statement not applying	Possible Solution	IMPORTANCE Low 1	2	High 3	4
DELIVERY	There are efficient processes for managing and reporting on the time a carer spends with the service user (either within the provider and/or provided by the authority).									Manual scheduling processes can lead to missed appointments or under-utilisation of capacity. Manual processing of time sheets is both highly time intensive and prone to an incorrect charging (some councils have reported one-off benefits of up to 30% by better knowing what time is actually spent with service users).	The usual solution to this issue is to automate. *See CSED Electronic Monitoring work-stream for examples of this solution.* *CSED also have an initiative which is developing a simple operational management system for reviewing productive time and waste.*				
INVOICING, PAYMENT & CHANGE	Suppliers are encouraged to consolidate invoices. This is coupled with a simple mechanism for paying the majority of any disputed invoices with a reconciliation process to resolve any differences									Generally, the fewer the number of invoices the lower the costs to process them.	Working with your providers and finance investigate ways to support a greater number of consolidated invoices. (such a solution becomes less important if invoicing and payment are electronic)				
	Supplier payments are based on electronic based invoicing and payment processes									Manual processing of such invoices is extremely time intensive	If you are making use of eProcurement solutions it is likely that you are heading in this direction anyway. Alternatively, there may be emerging card based solutions to be exploited. *CSED are working with OGC and the RCEs to further develop this solution.*				
	You have a good process for identifying when a service users needs change or come to an end.									You could be paying for services which are no longer being delivered.	Investigate whether this process is effective and timely and make improvements accordingly.				

The reader may wish to review Appendix B to see the extent to which some of the above Transaction related solutions impact the 'purchase-to-pay' process.

Appendix B : Opportunities to Improve the Transaction Process

The impact of different opportunities on the different parts of the transaction process are illustrated in the following figure (with 1 representing low applicability and 4 high):

			RESPONSIBILITY					OPPORTUNITY							
		Process Step	Assessor / care manager	Budget owner	Finance	Provider	Service User	Care package co-ordination	Intelligent requisition	GIS Placement/Contract Zoning	Collaborative Scheduling	eProcurement System	Procurement Cards	online Booking Service	Electronic Monitoring
ORDER PLACEMENT	A01	Perform assessment	4				4								
	A02	Create care record	4												
	A03	Generate 'requisition'	4					2	4			4			
	A04	Check available budget	2	3	2			2	4			4			
	A05	Check consistent with local policy	2	3				2	2			4			
	A06	Check if service user receiving other service	3					3	4						
	A07	Check geographical locality	1					4		4					
	A08	Request eligible supplier capacity	2					4		2	4				
	A09	Check on current contract utilisation	2					4		2					
	A10	Decide on supplier	2					4		2	2	2			
	A11	Raise purchase order	2		2			4				4			
	A12	Acknowledge order	2		2	4		1				4			
	A13	Advise service user of provider	2					4				2		4	
	A14	Advise service user of charges	2		2	2	4	4						4	
	A15	Coordinate specific time/s of visits	1			4	4	2			4			4	
RECEIPT	B01	Travel to service user				4				4	2				
	B02	Alter time (due to problem)	2			4	4	4			3			3	3
	B02	Deliver care				4	4				4				
	B03	Confirm care delivery				2	4								4
	B04	Report care delivery				4									4
	B05	Log care delivery	2					2				2		4	4
PAYMENT	C01	Raise invoice				4						4	4		
	C02	Check invoice against PO	2		3			4				4	4		
	C03	Check invoice against Receipt	2		3			4				4	4		3
	C04	Authorise payment	2	2	2			4				4	4		
	C05	Pay invoice			4							4	4		
VARIATION	X01	Re-Assess Requirement	3			2	4								
	X02	Raise Change notification	2			3								4	
	X03	Agree change	3	2			2	4						4	
	X04	Approve change	2	2	2			2						4	
	X05	Confirm change	2		2	4		4						4	
	X06	Implement change	2		4	4	2	1						4	

Figure 1 Impact of different opportunities on different parts of the transaction process

Appendix C : PEST Analysis

(Political, Economical Social and Technological environment)

The external environment of any organisation / department etc. can be analysed by conducting a PEST analysis. The acronym PEST (sometimes rearranged as STEP) is used to describe a framework for the analysis a range of macro environmental factors including the Political, Economical Social and Technological environment.

Political Factors

Political factors can have a direct impact on the way business operates. Decisions made by government affect the operations of councils significantly. Political refers to the big and small 'p' political forces and influences that may affect the performance of, or the available options. The political arena has a huge influence upon the regulation of public and private sector businesses, and the spending power of consumers and other businesses, both within the organisation and outside of the organisation. Political factors include government regulations and legal issues and define both formal and informal rules under which the organisation must operate. You may need to consider issues such as:

- Internal/external political environment stability
- Government policy / laws that regulate the sector?
- Policy on health and social care?
- The impact of employment laws
- The impact of environmental regulations
- Trade restrictions and tariffs
- Decision-making structures

Economic Factors

All organisations are affected by economical factors nationally and globally. Whether an economy is in a boom, recession or recovery will also affect consumer confidence and behaviour. The dramatic impact of reduced funding upon the organisation may already be very apparent. This will impact upon the nature of the competition faced by the organisation for service provision, and upon the financial resources you have available. Economic factors affect the purchasing power of potential customers, and the state of the internal/external economy in the short and long-term. You may need to consider:

- Economic growth
- Interest rates
- Inflation rate
- Budget allocation
- The level of inflation
- Employment level per capita
- Long-term prospects for the economy and the impact upon funding of third Level Education etc

Social/sociological Factors

Social factors will include the demographic changes, trends in the way people live, work and think and cultural aspects of the macro environment. These factors affect customer needs and the size and type of potential markets (inside and outside of the organisation).

- Population growth rate
- Age distribution
- Career attitudes
- Internal/external emphasis on safety
- Internal/external attitudes to change
- Stakeholder expectations
- Impact of the unit upon the organisation and external stakeholders?
- How are views expressed?
- How does the unit respond to such views?

Technological Factors

New approaches to doing new and old things, and tackling new and old problems do not necessarily involve technical factors, however, technological factors are a major driver of change and efficiency. Technological; factors can, for example, lower barriers to entry, reduce minimum efficient production levels, and influence outsourcing decisions. The Internet is having a profound impact on the strategy of organisations. Staff can/could now access the organisation 24 hours a day comfortably from their homes. Expectations in relation to response times, for example, have altered dramatically. This technological revolution means a faster exchange of information beneficial for businesses as they can react quickly to changes within their operating environment. What are the implications for the you? Do you exploit the available technology to the organisation's advantage?

- Automation
- Technology incentives
- Rate of technological change
- Perception of technological change within the unit
- Stakeholder expectation
- Does technology allow for the services provided by the unit to be created cheaply and to a better standard of quality?
- Do the technologies offer users / stakeholders more innovative services from the unit?
- How is information / decision-making distribution changed by new technologies?
- Does technology offer the unit a new way to communicate within the organisation and with external users / stakeholders?
- Does technology offer the unit an opportunity for CRM (Customer Relationship Management) etc?

It is also needed to take into consideration 'Micro Environmental Factors', those internal factors close to the unit that have a direct impact on the unit and the organisation strategic planning. These will include:

- **Customers:** Organisations survive on the basis of meeting the needs, wants and providing benefits for their customers. Failure to do so will result in a failed business strategy.
- **Employees:** Employing the correct staff and keeping these staff motivated is an essential part of the strategic planning process of an organisation. Training and development plays an essential role.
- **Suppliers:** Increase in service prices will have a knock on affect on what a council commits to. Appropriate supplier relationships are one way of ensuring competitive and quality products for an organisation.
- **Stakeholders (Members/Politicians):** Stakeholder expectation and perception.
- **Media:** Positive or adverse media attention on an organisation's product or service can in some cases make or break an organisation.
- **Competitors:** Are there any competitors offering some of the services, information etc. provided by the unit?

Appendix D : SMART Objective Setting

S = Specific
M = Measurable
A = Attainable
R = Realistic
T = Timely

Specific

Objectives should be straightforward and emphasise what you want to happen. Specifics help to **focus efforts** and **clearly define what is going to be done**.

Specific is the What, Why, and How of the SMART model.

WHAT are you going to do? Use action words such as direct, organise, coordinate, lead, develop, plan, build etc.

WHY is this important to do at this time? What do you want to ultimately accomplish?

HOW are you going to do it? (By...)

In addition to being **specific**, objectives should be **clear and easy**.

Measurable

If you can't measure it, you can't manage it. In the broadest sense, the whole objective statement should be a measure for the project; if the objective is accomplished, then it is a success. However, there are usually several short-term or small measurements that can be built into the objective.

Choose a objective with measurable progress, **so you can see the change occur**. How will you see when you reach your objective? Be specific!

Establish concrete criteria for measuring progress toward the attainment of each objective you set. When you measure your progress, you stay on track, reach your target dates, and experience the exhilaration of achievement that spurs you on to continued effort required to reach your objectives.

Attainable

When you identify objectives that are most important, effort is put into figuring out ways they came become true. Attitudes, abilities, skills, and financial capacity are developed to reach them. Previously overlooked **opportunities** to get closer to the achievement of the objectives become visible.

Objectives you set which are too far out of reach, probably won't result in commitment to doing. Although you may start with the best of intentions, the knowledge that it's too much will de-motivate people.

However, an objective needs to be slightly stretching in order to maximise the effort required ot achieve it.

The feeling of success on achievement maintains motivation.

Realistic

This is not a synonym for "easy." Realistic, in this case, means **"do-able."** It means that the learning curve is not a vertical slope; that the skills needed to do the work are available; that the project fits with the overall strategy and objectives of the organisation. A realistic project may push the skills and knowledge of the people working on it but it shouldn't break them. The objective should be underpinned by a viable approach.

Too difficult and you set the stage for failure, but too low sends the message that you or your organisation aren't very capable. **Set the bar high enough for a satisfying achievement!**

Timely

Set a timeframe for the objective: in three months, by next year. Putting an end point on an objective gives a **clear target** to work towards.

If you don't set a time, the commitment is too vague. It tends not to happen because there is a feeling it can start at any time. Without a time limit, there's no urgency to start taking action now.

Time must be measurable, attainable and realistic.

Appendix E : Thomson Classification

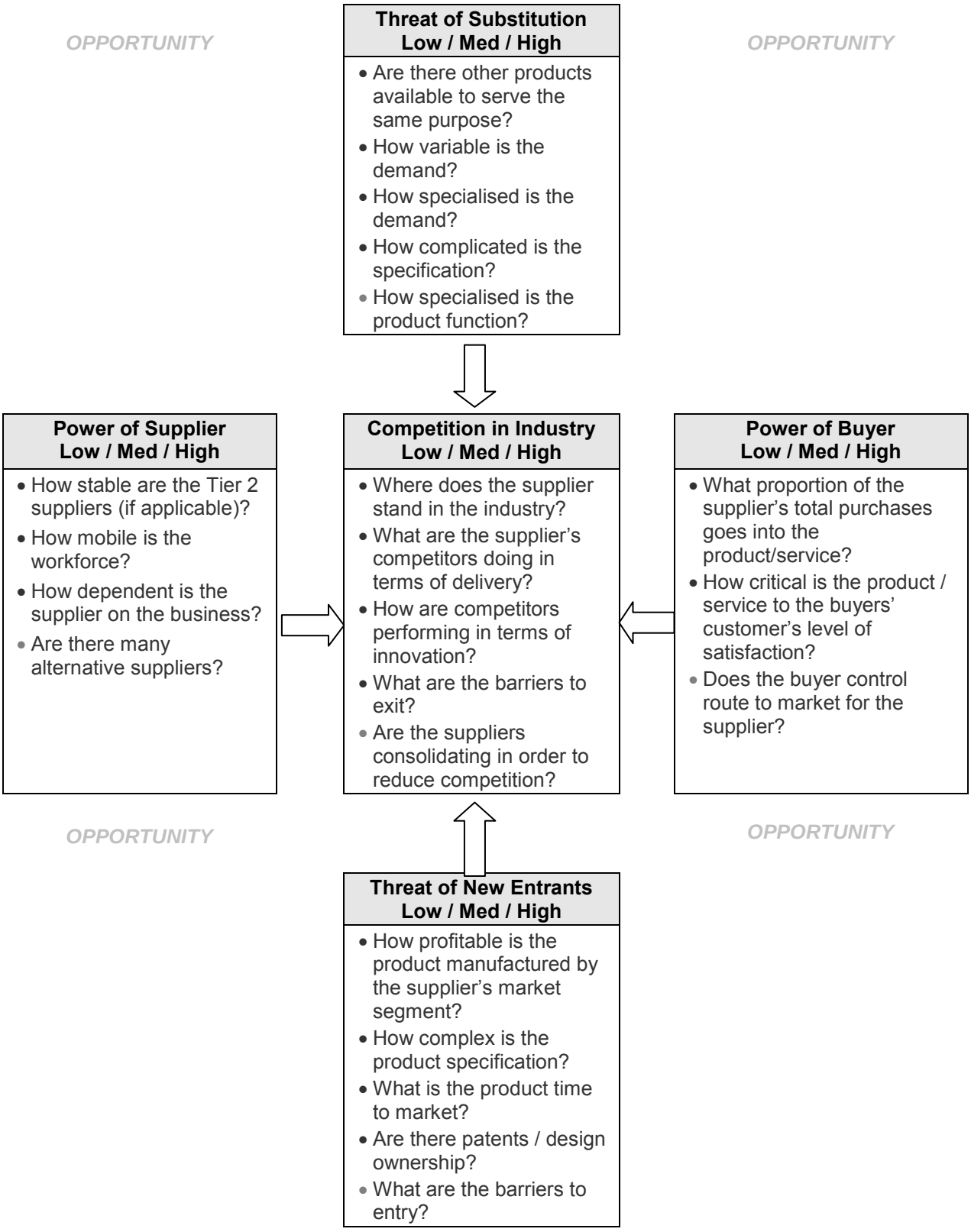
The following table summarises the Thomson classification system as mapped to the RCE ProClass classification for 'Social Community Care Supplies & Services'.

This is provided for information.

ProClass Level 2	ProClass Level 3	Thomson Classification
Adults & Older People Services		Home Care Services
		Home Help Services - Private
		Mental Health Centres
		Nursing Homes
		Residential Care Homes
		Rest & Retirement Homes
		Community Centres
		Social Services
Childrens Services		Adoption & Fostering
		After School Care
		Baby Sitters
		Childcare Services
		Childminders
		Children's Activity Centres
		Children's Homes
		Nurseries & Creches
		Social Services
Supplies	Consumables e.g. nappies	Disability & Special Needs - Services
		Hospital Equipment & Supplies
	Equipment (e.g. stair lifts, wheel chairs)	Disability & Special Needs - Services
		Disability Equipment - Mnfrs & Suppliers
		Mobility Equipment
		Stairlifts - Mnfrs & Installers

Appendix F : Porter's Five Forces Model

Porter's model provides a useful framework for looking at the market (and testing your knowledge of it), particularly in a situation where the market is provider led and you wish to explore opportunities to change market dynamics.



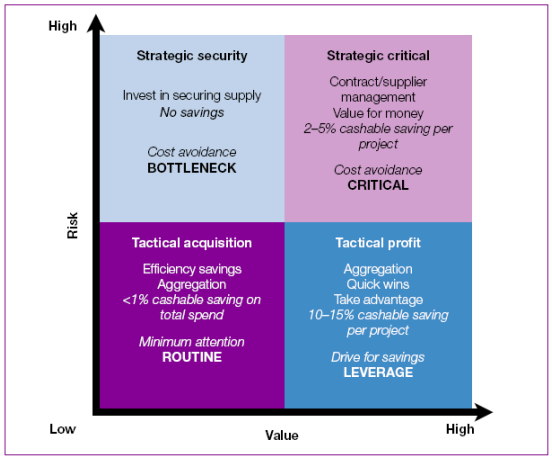
Appendix G : Developing a Supply Strategy

The figures are extracted from 'A Guide to Procuring Care and Support Services' prepared by the Department for Communities and Local Government. The Supporting People web site

http://www.spkweb.org.uk/Subjects/Capacity_building/Procurement+guide+templates.htm

is the best place to obtain this document since there are also a number of useful electronic templates contained on the web site.

Figure 6: Supply positioning



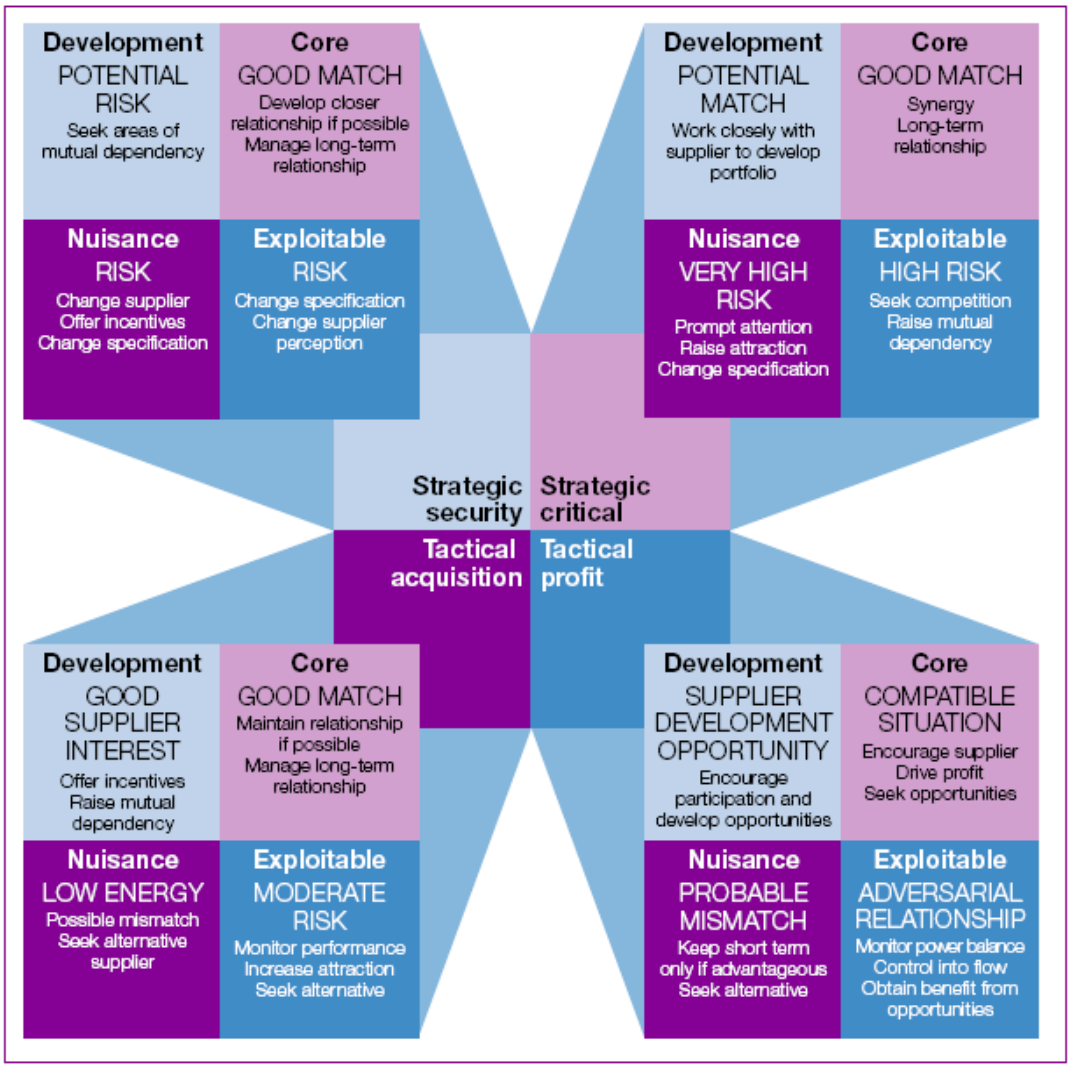
A key part of preparing for a tendering exercise, or indeed any negotiation process, is to ensure that you are treating your suppliers in an appropriate way.

The diagram on the left represents a purchasers view of spend. This can be used at the 'category level' (home care, residential care, complex needs, etc.) or to assess individual suppliers with a spend category.

The diagram below combines this with the supplier view of the purchaser and when combined suggests an approach with is appropriate to the mix.

For more information please visit the web site.

Figure 8: The market management matrix



Appendix H : An example of a cause and effect diagram

The diagram illustrates the cause and effect diagram as applied in a manufacturing scenario. It is not difficult to see how this can be translated into a service scenario (applied to assessment and care management processes, home care and the various levels of residential / nursing care).