

DIGITAL COMMISSIONING OF TRANSPORT



“Individual wellbeing is being ignored.”

“A convergence of forces hindering performance”

The Tomorrow Problem, that you’ve got today.

In this paper we seek to unpack the scenario and challenge the reader to think differently.

In a nutshell...

Individual wellbeing is being ignored.

Councils commissioning transport services are suffering significant pressure to deliver savings to tackle budget overspend and reductions in funding.

At the same time, they are being asked to come up with a plan that sustainably maintains a safe and high quality provision for the service user. Trying to deliver, with reduced resource doesn't work.

Analysis

We know it's getting harder to manage, deliver and maintain safe, high quality and compliant services.

We know the ongoing struggle to make savings, comes from working with a disengaged, inactive and fixed supply base.

We see the lack of control over the existing market and commissioning processes that are outdated and usually manual by nature.

A convergence of forces hindering performance.

- Ageing population
- Individuals' needs becoming more complex.
- Demand for services growing.
- Funding is diminishing.
- Internal resources are stretched.
- Commissioning processes usually manual and time consuming.
- Pressure to evidence performance, value & quality is under scrutiny.

What symptoms will you recognise?

- Low choice of suppliers
- Price inflexibility (few supply options = risk of artificial price inflation)
- Rising demands - multiplied by - rising complexity of needs (lack of depth of supply)
- Rising demands on you and your colleagues (disproportionate amount of time spent on making it happen)
- Gambling risk for delivery. (spot purchasing off framework in order to make something happen)
- Diminishing funding (austerity echoes) aka overspending
- Better the devil : Councils feel compelled to stick with the approach with which they're familiar.



What is the cause?

There are usually three causes for the inability of teams to show evidence of savings -

1. Limited visibility of competition amongst providers
2. A lack of ownership and control over the market (and any changes / fluctuations)
3. Process inefficiencies in terms of design and delivery

This is because savings have always been central to the entire services area's make-up. If that model has flaws, savings simply won't be as effective as Councils need them to be.

What's the usual outcome?

Overstretched commissioning teams have to try and skirt around the very processes designed to help. Rather than resolving the issue, they're forced instead to side-step it. Numerous dangers arise:

1. Commissioners find themselves forced to fulfil routes by going 'off-framework'. This results in them being exposed to non-compliance.
2. Councils risk exposing service users to potential safeguarding issues
3. More work for all involved.
4. The market becomes disengaged. Trying to bypass the framework often results in an inadequate service. This can lead to time-consuming and confusing 'mopping up'.
5. Commissioners can't keep providers updated with the times and details they need.
6. Providers struggle to effectively support the growing complexity of need, as well as service users' individual requirements.

In short, this way of working results in a growing gulf in overspend, holding back every aspect of the service.

Five aspects combine to cause the problem..

- Internal resource
- Demand
- Infrastructure
- Procurement
- Budgets

Internal resource

With rising and changing demand, combined with myriad manual and repetitive processes involved in commissioning - helping manage commissioning teams' workload is a real challenge.

Furthermore, much of councils' excellent efforts to reduce workload has come at the cost of valuable management reporting and analysing service effectiveness.

Saying 'yes' to the first offer of a preferred supplier might tick the box of delivering the service, however it does not satisfy the performance or quality standards departments set for themselves.

The issue with internal resource isn't a headcount problem - it's both a process problem and a demand problem. Instead of monitoring, evaluating and improving the effectiveness of process design, councils have to work around those processes.

Demand has compounded the situation, meaning that councils have struggled to deliver individual and SEN Transport needs within their available resources.

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Demand

Attempting to manage demand pressures pulls commissioning teams in different directions.

Individual needs change, often weekly, so the right costing structure needs to be defined clearly. Equally, it is challenging when rising demand forces preferred or internal suppliers to support the market.

Reducing the number of individuals eligible is a controversial option; it is rarely the right one when demand continues to rise and cannot be more than a temporary 'fix'

Fixing prices is a logical solution - but it requires market consent.

And by contrast, using only a 'preferred provider' base puts them under great strain - and gives commissioning teams a 'risk exposure' should those providers withdraw or make 'deal breaking' demands back to the authority.

Infrastructure

Without adequate supporting infrastructure (the right audit trail - or having the ability to work with diverse, specialist providers), managing weekly, changing needs becomes a tough task.

And using preferred suppliers, or one provider per school, or using a routing system without an effective supportive commissioning model, results in a reduction in the ability to deliver services within available resource parameters.

It compounds the challenge overtime, as it doesn't support the changing needs of the individual, and furthermore it ensures commissioning teams continue to 'work around' the commissioning process which exposes them to compliance and safeguarding issues.

Digital transformation is the answer - however 'multi system' technology landscapes in the organisation can end up hindering the commissioning process.

Investing in an external technology provider has to suit the council's needs and timings. Without a compelling reason, this can be tough to navigate.

I.T. teams have to intervene to manage the flow of information between unintegrated, siloed systems, resulting in the slowing of response times and the undesired knock on effect (spot purchasing for speed, which artificially raises buying prices).

Data preparation and data management takes precedence over the provision of decision-making grade insights.

We've seen commissioning teams resorting to managing by spreadsheets - and this again compounds the issue. Procurement teams end up inadequately informed about the reality of the placement process.

The right infrastructure should unlock

1. a single view of category performance -and
2. a seamless process, following identifying a requirement, finding and matching the right provider, to the fulfilment of the route for the individual.

Procurement

When resources are tight, working with preferred providers is logical because it is the 'line of least resistance'.

However, without a complete understanding of capacity and demand, this can mean adding providers is not a priority - resulting in the lack of healthy competition for packages, a lower level of specialisation - and a lower ability to meet changing and increasingly complex needs.

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“Two profound requirements placed upon the procurement team-

- 1. That Councils must work with their local SME ecosystem*
- 2. That managing provider quality and performance is essential”*

“Budget issues are, in fact, an internal capacity problem.”

“Profound impact on the cashflow and confidence – and the resulting loyalty”

Procurement teams may not be aware of the extent of the challenge; it goes deeper than designing a compliant procurement process.

However, rising demand and frequently changing service user needs have often forced commissioning teams to work around their procurement model.

An inflexible procurement process, or a variety of procurement frameworks, will be exposed by rising demand – meaning niche providers could be ‘locked out’ and providers who make it onto the framework might increase their prices, without adding value.

We know this opposes two profound requirements placed upon the procurement team-

- 1.** That Councils must work with their local SME ecosystem
- 2.** That managing provider quality and performance is essential

Further, procurement teams find it hard to provide evidence of compliance or understand if the approach is being followed

We know councils that have solved the challenge have done so by diagnosing the real cost of continuing down the path they currently use.

Usually, the diagnostic process covers a variety of challenges, priorities and worse-case scenarios that align to the cost of one of the following -

- commissioners working around the preferred processes
- exposure to non-compliance
- little competition in the market
- a disengaged market
- commissioning teams having to manage more providers (in the instance of using a Dynamic Purchasing System or DPS), without the additional resource and infrastructure to do that effectively
- the impact on other categories aligned to SEN and Passenger Transport in the short, medium and long-term
- unmet service user needs

Budget

The principle budget issues are, in fact, an internal capacity problem. Currently, manual processes prevent councils managing a broader, diverse provider base. This internal capacity problem impacts commissioning team’s ability to

- deliver safe, quality and compliant services within budget
- collaborate, support and manage more quality providers
- encourage competition and proactive safeguarding

Instead, as demand continues to rise we often see

- routes continuing to fail
- little competition or value on routes that are commissioned
- commissioning teams constantly firefighting, as they are forced to place routes outside the existing framework agreement

Furthermore, lack of invoice consolidation and processing can mean payments stretch out beyond 30 days of receipt, and this can have a profound impact on the cashflow and confidence – and the resulting loyalty - of SME providers being asked to engage.



Conclusions

Things must change.

The cost of non-compliance and provider disengagement will mean **individuals' needs are neglected** - with a greater reliance on already-burdened teams.

With the **complexity of needs** being higher than ever, **savings must be made** with zero impact on the **quality of the service**. In spite of these pressures, **departments are committed** to supporting service users' often-changing needs - guaranteeing a safe, compliant, comfortable service.

However, it's much harder to manage providers and deliver this kind of high-quality service. At the same time, existing infrastructure and existing procurement policy makes this task increasingly challenging.

Temporary fixes rarely work - constant budget cutbacks and reducing resources rendering them ineffective.

Delivering a safe and sustainable service demands a variety of (internal and external) stakeholders to diagnose and understand the impact of current approaches on teams, the market and service users.

And fundamentally - the people for whom the service exists - the individuals needing care, are the ones who suffer.

Resolving these issues isn't easy. Without **identifying the real root causes**, they will compound, and needs will increasingly be left unmet.

The cause is a significant lack of **visibility, engagement and control** over all the available providers.

This points to **reduced competition, high prices** and the exclusion of niche providers.

This means that **collaboration between the Council and the market** is vital.

The key is to appreciate the **value** to your council of **solving** these challenges.

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The paradigm:

- Individuals' needs unmet
- Frequent service overspend
- Providers' skills unused



The solution?

An alternative, now an established solution - sustainable, and which is proven to be effective – is open to commissioners.

Digital Commissioning and proactive Supplier Engagement and Quality Management provides the vital tools and controls for councils.

They are now delivering safe, high-quality and consistent service for individuals.

Councils and transport teams have overcome these issues by focusing their efforts on three areas:

- **Market Management & Control** - The ability to work with a more diverse, engaged and compliant capacity in order to drive collaboration, competition and quality from the market
- **Improving the efficiency of process design** - a simplified, compliant process that allows teams to focus on matching the right provider to the services user's needs, at the right price each and every day.
- **Identifying an approach suited to delivering valuable savings** - A complete view of category performance

Embedding these has equipped those councils and transport teams with the **performance-driven sustainable processes they need to deliver improved individual wellbeing.**

The 'wrong' conditions require the right solution.

Tick two or more of these scenarios? consider a digital transformation...

- You want an opportunity for your organisation to 'shape' your supply market, define quality and performance – not have it dictated to you
- A large potential volume of suppliers are available to you (whether they are 'on framework' or not)
- You have many internal 'buyers' in your organisation (perhaps you crave compliance, visibility & control)
- A significant number of these transactions are being handled by your organisation
- It is difficult to bulk buy/ achieve economies of scale with this supplier base (or, you have not imposed that criteria before)
- You believe there are low barriers to entry for new suppliers in this market
- There is a need for precise local, personalised, custom requirements in your location.
- There is an opportunity to consolidate and automate elements of the commissioning process (ie. contract management, invoicing)
- There is price sensitivity in this market (ie. Fuel costs, staff costs etc)
- You have issues around 'capacity'

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The steps to success –

Take control of performance...
change the conversation...

MAKE IT PERSONAL.
Remember, put individuals' wellbeing front and centre of your operation. These are the people who matter. What do they need from you?

SPECIFY PERFORMANCE AND PROVIDER QUALITY, then monitor and drive your supplier network. Define what supplier performance is across more dimensions of delivery, not just the traditional one (cost):

- drive quality -
- drive relevance –
- drive sustainability –
- AND drive cost.
- Ask yourself - What else defines a good quality of service for you?
- Speed of response from your supplier?
- A collaborative approach with a supplier?

DE-RISK YOUR SUPPLY CHAIN. Increasing your choice of reliable and sustainable suppliers helps meet your own performance demands.

NO COMPROMISES; PLAN – AND EXECUTE.
Don't accept short term gains; they lead to long term pains. No more spot purchasing.

BRING 'DIGITAL TRANSFORMATION' TO YOUR OPERATION.
Use a solid and proven technology that will pay for itself in more than one way...

- Improve delivery relevance
- Improve delivery quality
- Improve delivery value;
- Improve sustainability of delivery.

THINK ENTERPRISE GRADE PERFORMANCE AND SUPPORT.
Your digital solution needs to have a pedigree, be cloud based, faultlessly secure, robust, scalable – and deliver business intelligence insight, process simplicity, consolidation (ie. Around payment processing)and come with monitoring and support teams to help you continue to maximise performance over the long term..

CENTRALISE YOUR OPERATION:
Form a collaborative working relationship, manage and communicate with providers centrally; consolidate & simplify payment processes, define & control safeguarding, compliance and quality checks.

Take control of performance... change the conversation...