



“New Operating Models”

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&

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Why look at different models?



Traditional functional model not really fit for purpose anymore...

- Doesn't help the customer experience
- Not effective in a multi-agency commissioning environment
- Unlikely to provide the scale of savings required

Why can't you ignore the problem?

Amazon, Easyjet, Netflix, Spotify....

Vs

Borders, XL Holidays, Blockbuster, HMV....

What this discussion will cover



Moving to a new operating model

- The Shropshire approach to strategic commissioning
- New ways of delivering service
- What it means for customers, partners, staff and service managers

What it means for the organisation as a whole

- Achieving transformation whilst making savings
- Ensuring outcomes are delivered
- Future-proofing

Becoming a Strategic Commissioning Council

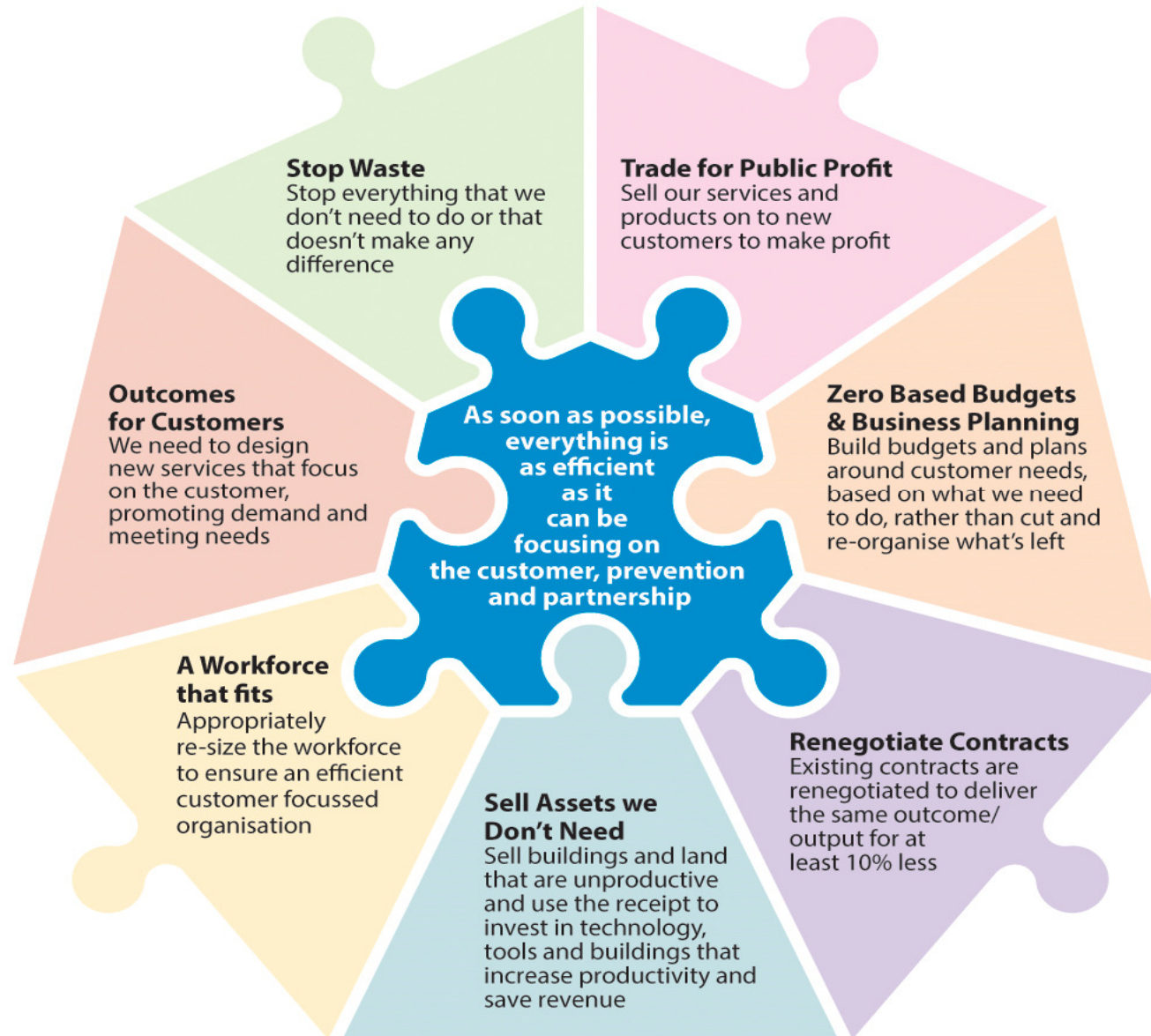
Our Challenge

To deal with significant budget cuts and re-invent ways of providing high quality public services by working together.

Better, faster, cheaper, together with a focus on prevention.

Our response is...

- Become a Commissioning Council.
- Re-invent what we do & how we do it.
- IP&E, partnerships and new providers.
- Through 4 more years of declining budget (and more to follow!).
- Re-designed Services – Customer Focus.
- Reflecting local needs & priorities.



What are we trying to achieve?

- Commission more, deliver less.
- Meet local demand more efficiently and reduce future demand.
- Focus on prevention and reduce future costs.
- Adopt a whole customer approach.
- Throw off your cloaks. Work together.
- Cut out duplication and waste.
- Engage and support resilient communities that “own” the challenges and the solutions.

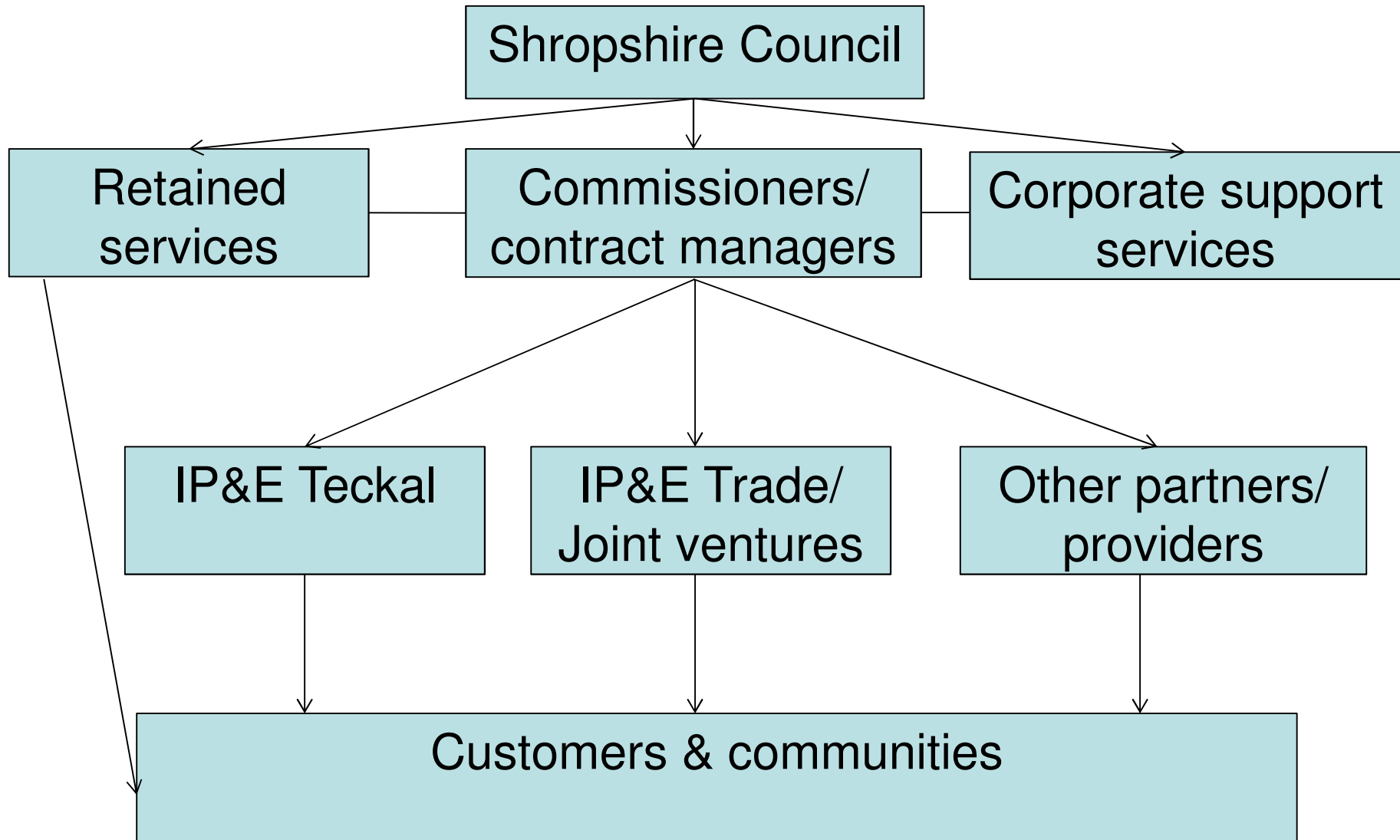
What will it mean for our Council?

- Move from salami slice to re invention.
- Intelligence led commissioning.
- Change in culture and roles needed.
- Contracting not departmental structures.
- Fewer directly employed Council staff.
- More productive & empowered front line staff.
- More flexible corporate core required.

Projects to date

- Key projects identified & tested in localities; Into Work, Living Independently
- Empowered contractors; hedge to hedge.
- New service prototypes; social care, housing & environmental health.
- Regulatory & business support services; better advice, less enforcement.
- Rationalising & sharing public assets.

- IP&E is a trading company wholly owned by Shropshire Council.
- It provides public services on the council's behalf, with the council taking the role of commissioner.
- The Chairman of the IP&E board is the leader of the Council.
- It aims to create jobs and wealth & make profit to re-invest in public services.
- It can operate with a reduced overhead.
- It can grow quickly and involve public partners.





**So what needs to be in put in place
for these models to work.....?**

Three Critical Success Factors

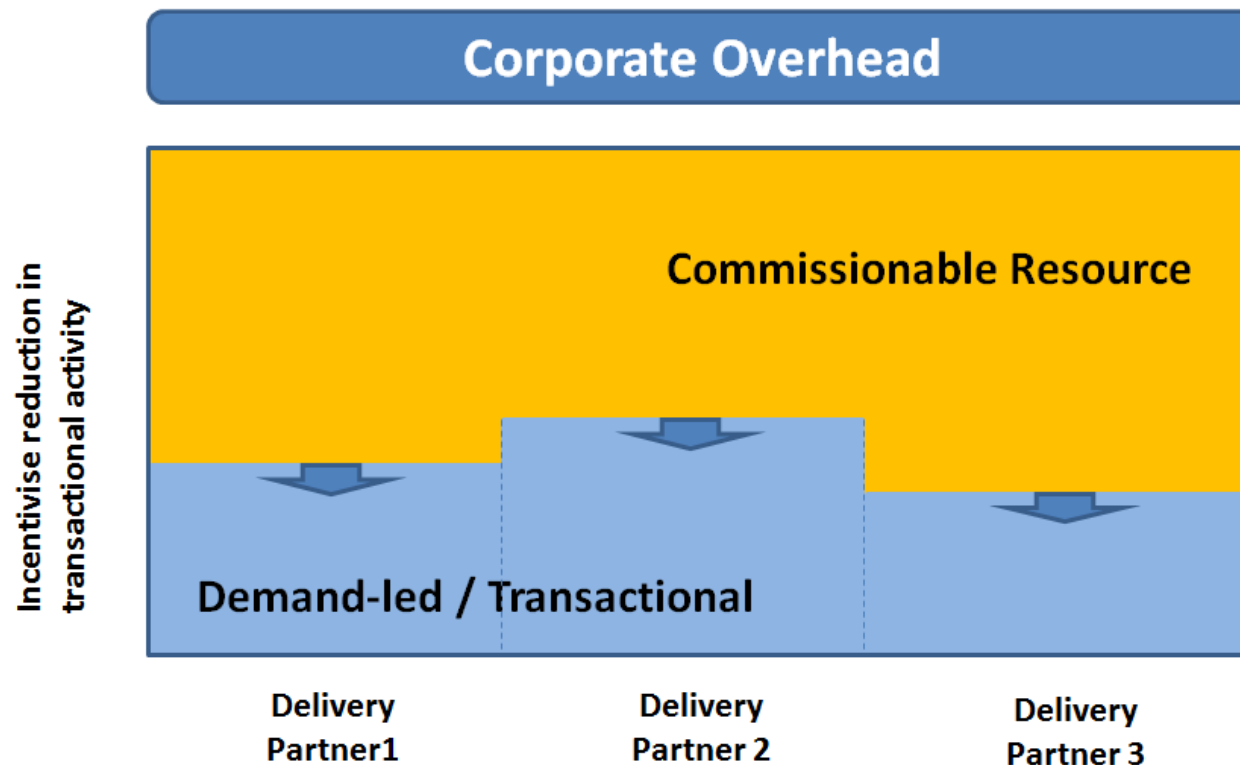


- Financial flexibility - freeing up 'Business as Usual' resource
 - Reduce demand through transformation and early intervention
 - Ruthlessly efficient back office and productive front-line staff
- Getting your supply chain to 'own' some of the risk
 - Delivery risk should lie with delivery units
 - Design risk managed through insight and evidence based policy making
- A collaborative ecosystem of suppliers
 - Motivated directly-employed staff
 - Local authority, 3rd sector and other agencies buy into the process
 - Use of private sector where appropriate

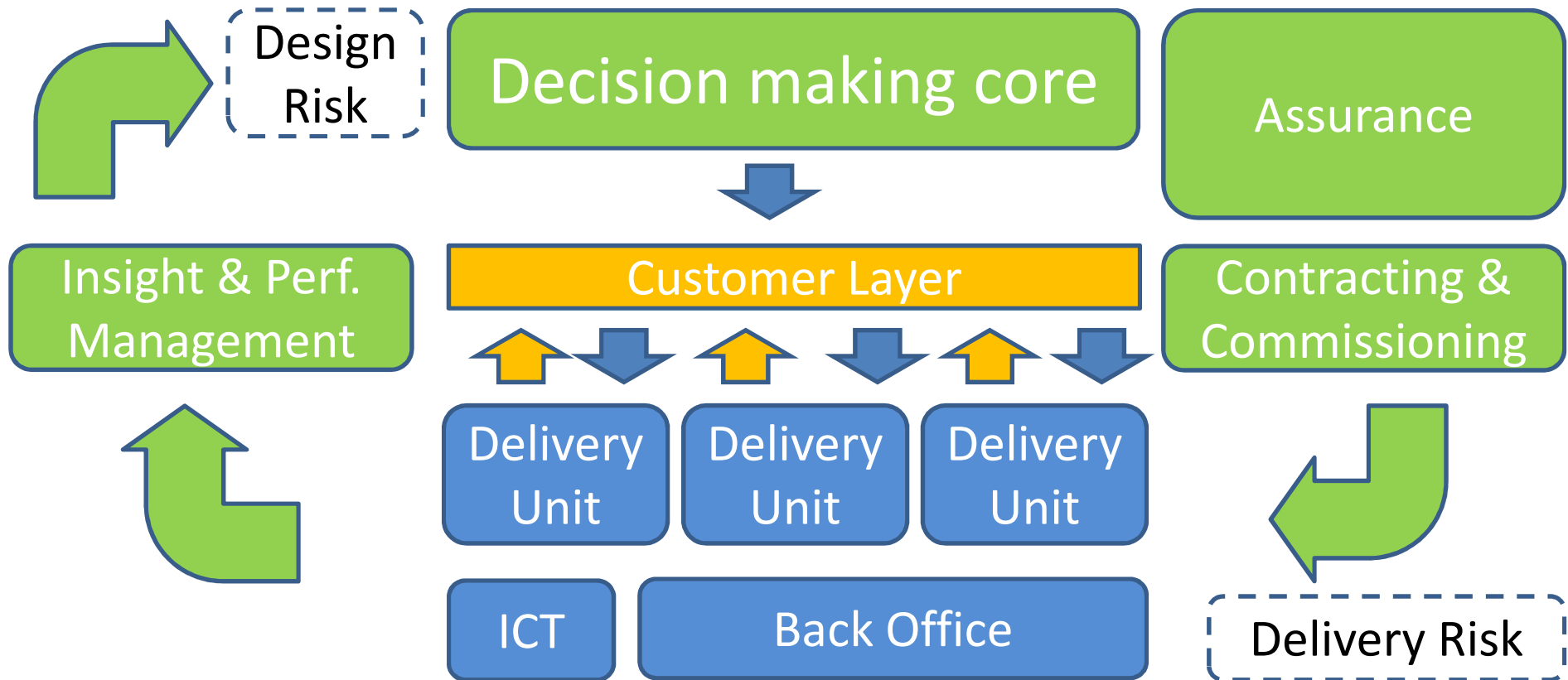
Challenge #1 – freeing up £££



- Easy efficiency opportunities already taken?
 - Investment & partners required for next tranche of transformation
 - Need pump priming funding and the long view on payback for demand reduction



Challenge #2 – how can risk be transferred to your supply chain?

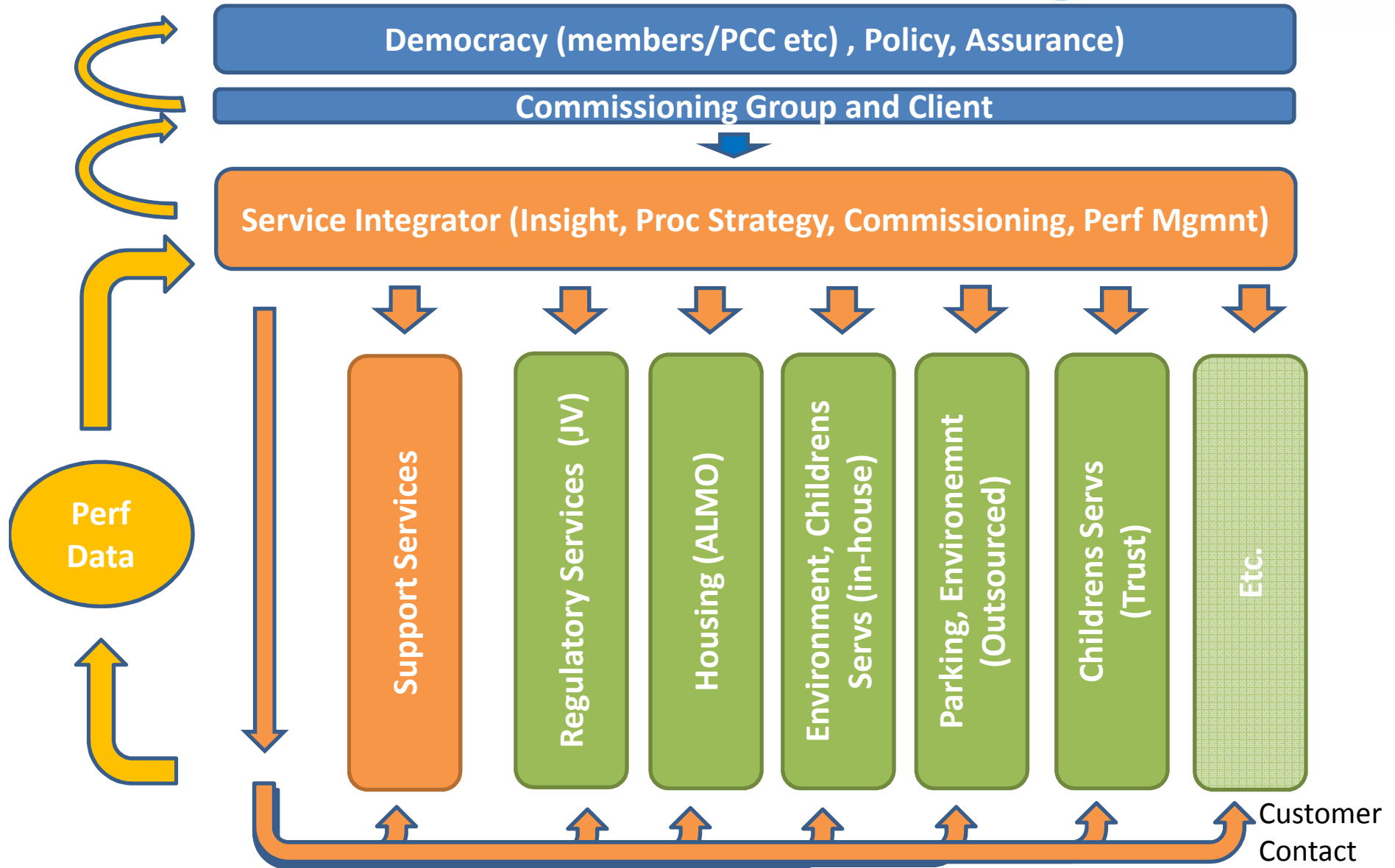


Challenge #3 – How can you ensure your partners work together?



- Collaboration between your supply chain partners is not a given.
 - Incentivising cross-agency delivery against cross-cutting outcomes
 - Managing the shift from response to prevention
 - Avoid creating new silos around spend
- Therefore:
 - Individual contracts, SLAs and commissioning agreements must include 'duty to collaborate' terms
 - Individual outcome, output and spend targets should incentivise working together
 - Transformation activity should be done to the whole system

The answer is in service integration:



Conclusions



- "As you were" is not an option
- The appropriate corporate model for your organisation depends upon local needs, capabilities and politics
- The successful implementation of any new corporate model depends on:
 - Substantial release of resource
 - Risk transfer
 - Strong collaboration across the supply chain
- This can be achieved through a service integrator approach

To continue the conversation....



Now: Any Questions?

Afterwards:

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