

Commissioning for Health and Social Care

Institute of Public Care



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Why, When and How to Commission

There is nothing new under the sun. One might be forgiven for thinking sometimes, when listening to public policy pronouncements, that commissioning is a mysterious new discipline, perhaps with links to the ancient alchemists, which somehow translates tired old public services into magical shiny outcomes for service users. One might also suspect that, as with other disciplines, there is an emerging tendency by the commissioning profession to mythologise its activities and seek to protect its special expertise.

The practical reality is somewhat more prosaic. Commissioning is a series of activities which together constitute a systematic approach to planning and resourcing public services. As such, it is up to practitioners to determine how best they can organise and apply commissioning activities to help deliver better services and ultimately better outcomes for people. Everyone involved in public care, including service users and service deliverers has a role to play, activities to undertake and skills and experiences to deploy.

None of the activities involved in commissioning are new or exclusive to specialist commissioners. In many ways they are simply tasks that anyone involved in good management and practice should be doing:

- Carefully analysing a situation.
- Planning how you will deploy your resources to get the best result.
- Implementing those plans.
- Reviewing how successful you have been and deciding what needs to be done differently in future.

However, commissioning activities focus particularly on the balance of services across a market, and because of this focus, there are situations in which a systematic approach to commissioning is likely to be particularly valuable. Taking two specific examples as illustrations (older people with chronic health problems and children with special education needs), this chapter considers when and how to use commissioning and what to

use it for, as well as how to ensure that the time and energy required does have a positive outcome for service users and the population as a whole.

Learning outcomes

By the end of this chapter you should be able to:

- Identify when a systematic approach to public care commissioning is and is not needed.
- Identify the most appropriate approach to commissioning for any given market.
- Plan how you would agree the purpose of a commissioning intervention with stakeholders and secure their commitment.
- Scope the kind of commissioning intervention which would be most suitable for a given situation.

When to commission?

There is a danger that, because commissioning involves many of the activities we might expect anyway from good management and professional practice, it is seen as a generic tool and it is therefore applied in almost any situation. That is not appropriate. The circumstances best suited to a commissioning approach include when:

- **There is some form of market**, i.e. a situation where those providing services need someone else to buy or to secure the services from them. This might include through contracts, service agreements, individual purchases or grants.
- **There is a need for change**, i.e. a situation where those buying or securing services want to change them to better meet the needs of service users in the future.
- **Change needs to be managed**, i.e. a situation where those involved recognise that this change needs to be undertaken deliberately and systematically and cannot simply be left to market forces.

In contrast, there are some areas where a commissioning approach is not appropriate – see Table 2.1.

Table 2.1 When a commissioning approach may not be appropriate

Commissioning is not a tool for:	Instead try:
<ul style="list-style-type: none"> • Internal service planning • Internal re-organisation within a service 	<ul style="list-style-type: none"> • Business planning • Functional analysis • Change management
<ul style="list-style-type: none"> • Improving the quality of care in a particular care pathway • Improving market position 	<ul style="list-style-type: none"> • Care pathway analysis and design • Market analysis and strategy

Commissioners operate at some distance from the direct management or delivery of services. They do not have the traditional ‘levers’ for control which exist within organisations to secure change and service improvement. They have to use different levers to secure changes in services – see Table 2.2.

Table 2.2 What levers for change may be available to commissioners

‘Levers’ for change available to commissioners	‘Levers’ for change not available to commissioners
<ul style="list-style-type: none"> • Influence through information and intelligence and advice to providers. • Influence through representation of service users and individual purchasers. • Influence through brokerage on behalf of service users. • Contracts with providers. • Internal service level agreements with providers. • Market shaping through framework contracts. • Grants, gifts to encourage providers to offer particular services. 	<ul style="list-style-type: none"> • Job descriptions. • Line management instruction. • Work plans. • Organisation procedures. • Professional guidance. • Legislation.

So, commissioning is an approach to changing services across a market. It is most useful when applied to situations where the commissioning body has resources to deploy, but not day-to-day direct control over service provision. It is not the only tool for delivering services improvement but it is an important one and, when used effectively, it can secure a better deal for service users.

For example, in our two example cases, let's consider where a commissioning approach might be appropriate.

Older people with chronic health problems

- **There is some form of market.** For example a situation where health, residential and domiciliary care services are delivered by a range of providers, including the NHS, private health care providers, voluntary and private sector nursing home, care home and home care providers. In this situation there may be contracts between these providers and the local authority and NHS, as well as self-funders paying for their own care directly, and personal budget holders paying for care through direct payments from the local authority.
- **There is a need for change.** For example the commissioning bodies, primarily the NHS and local authority commissioners, have identified issues in the delivery of services for this population, including too many older people receiving poor quality care in acute services, too few services able to support people with chronic health problems in the community, and population estimates projecting a significant increase in demand over the next 10 years.

- **Change needs to be managed.** It is clear to commissioners that services are struggling to respond to demand at the current time, and that without some clear direction of travel, the market will not automatically respond by developing the most cost-effective, evidence-based services for the population.

Children with special education needs

- **There is some form of market.** For example a situation where support for parents, including respite care, school provision and residential care is provided by a range of private, voluntary and public sector providers, and commissioners contract with services from across the country to meet the individual needs of children.
- **There is a need for change.** For example the commissioning bodies, primarily the NHS and local authority commissioners, have identified that costs of services are increasing hugely, that the range of services provided do not match the needs of the population and that there are confused pathways of care and support between different services.
- **Change needs to be managed.** It is clear to commissioners that without active management of change, they will not be able to secure the services that are needed to meet the needs of their specific population of children and young people without further increases in costs.

EXERCISE 2.1

Identify a specific management or practice issue you need to address:

- Is there some form of market involved?
- Is there a need for change in services to meet the needs of a population?
- Does this change need to be managed?
- Decide, on the basis of your answers to these questions, whether you need to take a commissioning approach to the issue.

Why commission?

We all know that any public care resource is not inevitably effective. To be successful it needs to be applied in the right circumstances, efficiently, and for a clear and appropriate purpose. For example:

- A clot-busting drug is only useful when given to someone who needs it, at the right time and in the right dosage.
- A lesson on fractions is only going to be effective for a pupil with sufficient previous mathematics knowledge and the skills, resources and aptitude to learn.
- Foster care is only appropriate for a child who needs substitute care and for whom living with a family is the best available option.

Like these examples, commissioning is a particular resource, and the commissioner needs to think carefully about how and when to use it. As the later chapters in this book show, there are lots of commissioning activities which can be undertaken to help secure a successful outcome, but perhaps more important than the technical activities is that those involved are very clear about why they are using commissioning, what resources they need to apply, and what they are trying to achieve as a result.

In practice the reason behind any particular commissioning intervention will be specific to the circumstances in which it is used, but IPC has worked on many commissioning interventions for clients over the years, and has identified that there are three overall aims which they consistently try to achieve:

- To secure better outcomes for service users.
- To better match services to the needs of the population.
- To secure greater efficiency or effectiveness from services.

If you are involved in commissioning and cannot justify your activities in terms of these three aims, then you need to think again, and challenge yourself and your colleagues to clarify the purpose of the work you are doing. Returning to our two examples the following lists might comprise the main aims they are trying to achieve.

Older people with chronic health problems

The aim of the commissioning agenda for this population might be to:

- Improve the quality of care and thus the quality of life experienced by older people with chronic health problems.
- Re-distribute resources from acute to community-based care and early support.
- Ensure that new services are evidence-based and rigorously applied to secure better impact and effectiveness.

Children with special education needs

The aim of the commissioning agenda for this group of children and young people might be to:

- Improve the quality of care and education to give children a better chance of success in adulthood.
- To re-commission services so that they better meet the specific needs of individual children.

EXERCISE 2.2

For the particular group or population you have identified, specify the aims of any commissioning intervention in terms of:

- Better outcomes for service users.
- Services better matched to the needs of the population.
- Greater efficiency or effectiveness from services.

What to commission?

Even if you are very clear that the issues you are dealing with merit a commissioning response, and that the purpose of your intervention is consistent with a commissioning agenda, you need to be realistic about your priorities and the areas that you need to focus on.

In practical terms you cannot systematically focus on changing all aspects of the public care market at the same time. You need to identify key priority areas for change and apply a realistic approach which is going to ensure you achieve your purpose using the resources that you have available. This is not something to be considered lightly. You need to make careful judgements, based on evidence, about what is needed, what is realistic, who needs to agree to the agenda, and what resources are available. Our experience is that more commissioning interventions fail because they were over-ambitious about the impact they expected to have (or unrealistic about the difficulties they were likely to encounter), rather than that they decided to address an issue which was too easy! This applies at a number of different levels:

- The overall strategic commissioning priorities for an organisation or a commissioning partnership.
- The procurement or contract management priorities.
- Individual purchasing priorities.

To make sure you are not caught out by this, there are a range of factors which you need to consider when prioritising your commissioning agenda. Ultimately you and the other key stakeholders need to take a view based on an analysis of the following:

- **Evidence from need.** A key factor in determining your commissioning priorities will be the evidence which is available about changes in future service needs or demand. So for example, clear indications from data that the number of older people with chronic health problems is going to increase, or that there will be more children with complex learning needs coming into local schools might be strong indications that a change in services is likely to be needed, and that a commissioning intervention is required.
- **Evidence from performance data.** Alternatively, there may be clear and consistent evidence from the ongoing monitoring of the activity, performance and costs of services that they

are not meeting current needs, and that changes in services are therefore required which a commissioning approach will help deliver.

- **Evidence from experience.** Finally, even if there is no immediate indication from needs or performance information that service changes are needed, there may be sufficient qualitative intelligence about gaps in service quality to indicate that issues need to be addressed strategically. This might come from sources such as service user feedback, complaints and comments, patterns in service use, or feedback over time from professionals.

However, decisions about commissioning priorities are not just technocratic in nature. The above analysis needs to be tested against the practicalities and appetite that stakeholders may have for the systematic approach to change across a market required by commissioning. This includes:

- **National policy and politics.** If it is clear that national government is encouraging public care agencies to introduce major changes in particular service areas or for particular populations, or is introducing legislation to require this, then it is likely that this will require commissioners' attention.
- **Local policy and politics.** Clear existing strategic or political commitments by local public care organisations will also drive decisions about commissioning priorities. Often partner agencies can have very different priority agendas for the same population, and it is important that joint planning bodies such as local community partnerships, health and wellbeing boards or children's partnerships have a clear role in ensuring that agendas are co-ordinated, that resources are not wasted and that providers and the public get a clear picture about areas of joint priority.
- **Local capacity.** Public agencies and their partners may, at any one time, not have sufficient resources to ensure that a systematic commissioning approach is taken to ensure the delivery of changes in services, no matter how much they are needed. It is probably a more sensible decision not to commence a commissioning project, than to waste resources in completing a half project and failing to effect any improvements.

So, what does a focused commissioning agenda actually look like? For example, in England partners within a Health and Wellbeing Board might draw on information about needs, performance and user experience, and, comparing that with local policy and priorities as well as capacity to deliver change, might agree their commissioning priorities. In our examples these might include the following.

For older people with chronic health problems

- To reduce the number of older people who require acute hospital and residential care.
- To improve the capacity of community services to support older people and their carers in their own home.
- To reduce the costs of care by encouraging services to be delivered out of hospital and delivering them locally.

For children and young people with special education needs

- To reduce the number of children who finish school with no qualifications or accredited skills.
- To encourage schools to identify children who are struggling as early as possible and address barriers to learning.
- To improve the quality of teaching and focus resources on addressing the learning needs of these children.

Each of these agendas are clearly long-term, concerned with a particular population, and are likely to require changes in systems and services across disciplines. They are commissioning agendas. They give commissioners a clear focus for their activities and, by their existence, a clear message that issues which are NOT included are not of sufficient priority to partners at the current time to warrant the level of attention that a commissioning priority will give.

As important as the priorities themselves is who has been involved in their development, and the extent to which these people are committed to supporting a commissioning intervention and possibly changing services. This is explored further in the next section, but at this analysis stage it is important to identify the key stakeholders who are likely to be affected, and begin to scope out how they will be involved in different ways in the commissioning intervention. So for example, the likely people to be involved with our two examples include:

- Local authority commissioners and planners
- NHS commissioners and planners
- Local authority providers
- NHS providers
- Existing service users
- Carers
- The public and potential future service users
- Politicians and other policy influencers
- Voluntary and private sector influencing bodies
- Professionals, clinicians and other staff involved in services

EXERCISE 2.3

For the particular group or population you have identified, name individuals and groups who need to have an influence on the commissioning intervention, and identify what level of commitment you need from them – for example, are you looking for them to offer:

- agreement with the reason changes are needed?
- contribution to the analysis?
- agreement with proposed changes?
- commitment to implementation?

Refining the agenda and getting commitment

A strategic commitment to key priorities by partner organisations is a crucial starting point for delivering change through commissioning, but it is not by any means the whole story. Such a commitment means only that it is agreed that ‘*something* must be done’ in these areas – ‘*what* must be done’ needs to be worked out. It is also always worth remembering that in most circumstances a strategic commitment by organisations to some key priorities does not mean that everyone is working on the same agenda – this commitment has not necessarily been signed up to by all of the key stakeholders such as politicians, service users and personal budget holders, professionals or all providers.

Therefore if the commissioner is an effective change agent, he or she now needs to engage with all of the key stakeholders involved, and work with them to:

- Get their input into refining the agenda and exploring the details of the issues which need to be addressed to improve services for the relevant population.
- Get their practical commitment to implementing any changes needed.

The engagement approach will need to vary here, depending upon the particular characteristics of the market, the relationship between commissioners, purchasers, service users and providers within it, and the type of influence that the commissioner is able to wield. So for example, Table 2.3 describes different market situations and how the role of the commissioner and the type of engagement required might vary.

Nevertheless, whatever the relationship between the commissioners and other key stakeholders in the market, the task of the commissioner is to facilitate change, and there are particular approaches at this stage which can be useful in drawing in stakeholders while at the same time adding depth and quality to the specification of the commissioning task.

Hypotheses

Within the boundaries of commissioning agenda, there will be some very specific priority questions that the work will need to address, to do with the issues and challenges that the stakeholders are experiencing in the market, and the emerging demands they are likely to be facing in the future. No matter what the market situation and the relationship between the commissioner and stakeholders are, introducing the opportunity to offer ‘hypotheses’ at this early stage of the work can help to focus minds on key issues and direct the emphasis of work onto agreed strategic commissioning priorities.

Hypotheses can be defined as ‘assumptions to be used for the basis of investigation’ and they can be used to enable stakeholders to identify key issues that they believe have to be explored. This ensures that key assumptions about services, however controversial, are brought out into the open. It also helps to ensure that all

Table 2.3 Market situations, the role of the commissioner and what type of engagement might be required

Market situation	Commissioner role	Engagement type
<ul style="list-style-type: none"> Services funded through one large block contract (e.g. CCG contract with an acute NHS Foundation Trust) 	<ul style="list-style-type: none"> Commissioner is purchaser of the vast majority of services from a single independent or in-house provider on behalf of the public. 	<ul style="list-style-type: none"> Consultation with provider, potential providers, service users, led by commissioner. Purpose of the consultation is to inform commissioner's future procurement and purchasing plan.
<ul style="list-style-type: none"> Services purchased from a range of different contracted providers (e.g. residential or foster care provision for looked after children) 	<ul style="list-style-type: none"> Commissioner is purchaser of vast majority of services from a number of independent or in-house providers on behalf of the public. 	<ul style="list-style-type: none"> Consultation with providers, potential providers, service users led by the commissioner. Purpose is to inform commissioner's future procurement and purchasing plans.
<ul style="list-style-type: none"> Services funded through a combination of independent sources such as charities, and public contracts or grants (e.g. community-based prevention services supporting carers of older people with dementia) 	<ul style="list-style-type: none"> Commissioner is one of a number of funders of services who may have different priorities and plans. 	<ul style="list-style-type: none"> Facilitation of information sharing between different providers, potential providers, service users to establish agendas and how they might wish to engage with a strategic overview. Purpose is to inform commissioner's future procurement and purchasing plans, and influence the behaviour of services not directly funded.
<ul style="list-style-type: none"> Services purchased by personal budgets or self funders (e.g. direct payment arrangements in social care, self funders of residential care for older people, private health care) 	<ul style="list-style-type: none"> Commissioner is only peripherally involved in contract transactions between users and providers. 	<ul style="list-style-type: none"> Facilitation of information sharing between different providers, potential providers, service purchasers to establish agendas and how they might wish to engage with a strategic overview. Purpose is to influence the behaviour of providers to meet the future needs of service users.

stakeholders have an opportunity to influence the key areas to be explored. The hypotheses also inform the details of the methodology to be used, without pre-judging the final findings.

By agreeing a selection of, say, five to eight hypotheses with key stakeholders, the agenda can be refined, and the priority issues can be agreed. So, for example, in our example of older people with chronic health problems, stakeholders might offer the hypotheses shown in Table 2.4.

Table 2.4 Older people with chronic health problems hypotheses

Population	Older people with chronic health problems
Commissioning aims	<ul style="list-style-type: none"> • To reduce the number of older people who require acute hospital and residential care. • To improve the capacity of community services to support older people and their carers in their own home. • To reduce the costs of care by encouraging services to be delivered out of hospital and delivering them locally.
Hypothesis 1	<ul style="list-style-type: none"> • Redistributing £1m currently invested in acute care for older people into community-based services will improve community support, prevent admissions and reduce demand.
Hypothesis 2	<ul style="list-style-type: none"> • Investing more heavily in intensive rehabilitation for older people after falls will reduce demand for residential care.
Hypothesis 3	<ul style="list-style-type: none"> • Redistributing £1/4m from acute sector into targeted support for carers of the most vulnerable older people will reduce demand for acute care and effect savings across the system.
Hypothesis 4	<ul style="list-style-type: none"> • Building more extra care housing will enable older people to live at home comfortably for longer and reduce demand for residential care.
Hypothesis 5	<ul style="list-style-type: none"> • Having community health and social services managed within a single organisation and working in co-terminus teams will improve efficiency and effectiveness of response, allowing more older people with chronic health problems to remain at home.
Hypothesis 6	<ul style="list-style-type: none"> • Many of the tasks currently undertaken by community health professionals could be undertaken by less expensive, less qualified staff, allowing us to distribute our services more widely.

Similarly, for children with special education needs, stakeholders might identify hypotheses as shown in Table 2.5.

Table 2.5 Children with special education needs hypotheses

Population	Children with Special Education Needs
Commissioning aims	<ul style="list-style-type: none"> To reduce the number of children who finish school with no qualifications or accredited skills. To encourage schools to identify children who are struggling as early as possible and address barriers to learning. To improve the quality of teaching and focus resources on addressing the learning needs of these children.
Hypothesis 1	<ul style="list-style-type: none"> Mainstream schools in the area are referring too many children to specialist resources. More children need to be better supported by these schools.
Hypothesis 2	<ul style="list-style-type: none"> The 2 SEN schools in the area are not fit for purpose and need to be re-designed and re-commissioned.
Hypothesis 3	<ul style="list-style-type: none"> Arrangements for identifying and sharing concerns about children who are struggling need to be improved. A common assessment framework needs to be used by all agencies.
Hypothesis 4	<ul style="list-style-type: none"> Local mainstream schools need to agree a common standard and approach to teaching children with special education needs, and agree a joint training programme for teachers based on this.
Hypothesis 5	<ul style="list-style-type: none"> A common protocol for support from NHS and social services staff to schools needs to be agreed.

It is crucial to ensure that these hypotheses are NOT seen by stakeholders as aims, objectives, plans or indicators – they are simply areas which need to be tested in the course of the strategic commissioning work. They can therefore be quite controversial and challenging, as long as they are concerned with issues that the stakeholders agree do need to be addressed. Subsequent work on the strategic commissioning intervention will need to test these hypotheses out, and come to a view about whether they should be translated into commissioning aims or objectives.

EXERCISE 2.4

- For your chosen population prepare a series of hypotheses that you want to test out in the course of the commissioning intervention.
- Make sure they are phrased in the form of statements, and for each, identify how you might collect information which would allow you to test the hypothesis.

Commissioning jointly

At the same time as building hypotheses together, it is important that partners are able to commit themselves to the results of any strategic commissioning initiative, and, wherever possible to undertake commissioning activities together. Where there is a common agreed agenda this can have the following benefits:

- All services relevant to the wellbeing of the population concerned can be considered – such as, for children with special education needs, the range of health, education and social care provision.
- Commissioning resources can be shared.
- Budgets can be pooled.

Joint commissioning in practice, however, means many different things to different people, and it is important for partners to be clear about the approach they are taking to commissioning together right from the start of any intervention. IPC has found that approaches can be summarised under four headings, as shown in Table 2.6.

Table 2.6 The four commissioning approaches

<p>Separate approaches</p> <p>Objectives, plans, actions and decisions are arrived at independently and without co-ordination.</p>	<p>Parallel approaches</p> <p>Objectives, plans, actions and decisions are arrived at with reference to other agencies.</p>
<p>Joint approaches</p> <p>Objectives, plans, actions and decisions are developed in partnership by separate agencies.</p>	<p>Integrated approaches</p> <p>Objectives, plans, actions and decisions are arrived at through a single organisation or network.</p>

Despite the enthusiasm from national policy-makers across the UK for integrated health and social care, we have found that integrated approaches to commissioning are not inevitably better. It depends upon the situation that the partners are dealing with and there may be different types of activity depending upon the specific commissioning intervention that partners are undertaking. So for example, in our case study examples, partners might agree the following:

- For older people with chronic health problems – to adopt an integrated approach to health and social care commissioning including pooled budgets, as the health and social care needs of the population involved are so closely entwined.
- For children and young people with special educational needs – to adopt a parallel approach to commissioning between education and social care services, as local budgets held by schools would be difficult to aggregate up to pool with social care.

In the appendix to this chapter the IPC joint commissioning matrix describes some of the different approaches in more detail.

EXERCISE 2.5

- Use the IPC joint commissioning matrix to discuss the approach you need to take to joint commissioning with your partners.

Formalising the commitment of different partners

Negotiating the arrangements described in the sections above is often tricky, needing a degree of patience and good understanding of the different perspectives of the range of stakeholders involved in the whole commissioning process, and finding ways to ensure that all are clear about the overall task and about their involvement and responsibilities. One way of securing this commitment is to agree and publish a 'Commissioning Framework', a document which summarises these commitments and provides a realistic and sensible guide about how commissioning activities are expected to be undertaken. The framework might include:

- Definitions of commissioning, planning, procurement and associated terms.
- Principles which underpin the local approach to commissioning.
- A summary of the activities undertaken within the commissioning process.
- Who does what including organisations, teams and individuals.
- A list of key documents published by partners and how they relate to each other.
- How different partners, including service users, carers, the public and providers can expect to be involved in commissioning decisions.
- Legislation and policy which underpin the approach to commissioning by different partners.
- A programme and timetable of activities throughout the year relevant to partners.

Its value is primarily in ensuring that partners think through potential problems and difficulties beforehand, and have a resource to help them resolve problems as they work together.

EXERCISE 2.6

- Review the existing policy and guidance documents in your local area, and decide whether they are clear about the approach which is used to underpin commissioning practice locally. If they are not, work with partners to design and publish a commissioning framework.

Designing the strategic commissioning intervention

Deciding what form of commissioning interventions are needed in a particular situation needs careful judgement and needs to be based upon:

- A clear idea of the purpose of the intervention and what you hope to achieve.
- A detailed understanding of the market involved, the interests of different stakeholders and what you need to work on to achieve change.
- A good analysis of what different activities can offer and when they are likely to be most effective.

Obviously all of the activities within the IPC commissioning framework (described in Chapter 1) are commissioning interventions, but in this section of four of the most common types of intervention are summarised, along with the circumstances under which they might prove most useful.

After the outline in this chapter, the activities involved are discussed in more detail throughout the rest of the book.



Figure 2.1 Common types of commissioning intervention

A commissioning strategy

The key characteristic of a commissioning strategy is that it presents an authoritative analysis of current arrangements and future needs for a given population, and states clearly where the commissioners intend to spend their money.

Producing commissioning strategies involves undertaking research and analysis activities to produce a document which has been agreed formally by the commissioning organisations involved and includes:

- A statement about how the strategy has been developed, and who has been involved.
- An overview of how the strategy addresses the outcomes and intended aims of the agencies involved and other commitments such as national policy and legislation for the relevant population group.
- An overview of national guidance and research relevant to the specific group being considered.
- An assessment of the health, education, social care and other needs of the relevant population taking into account user and staff views.
- An analysis of the extent and effectiveness of current resources, and potential service improvements.
- An analysis of gaps and overlaps in services, and priorities for where services need to be redeveloped, reduced or increased.
- A plan for the pattern of services to be purchased in the future, including where resources will be targeted and where there may need to be service de-commissioning.
- A statement about arrangements for future procurement, contracting and market management.
- A statement about how the strategy will be monitored and reviewed.

The activities involved in developing a commissioning strategy are described in detail in later chapters. At this point it is important to be clear about why and where a strategy might be most appropriate, so that you can decide whether or not to put time and energy into its production. As we have discussed, a strategy needs to be based on the starting point for all commissioning interventions – some form of market – a need for change; and that change requiring to be managed. However, there are particular circumstances which lend themselves to a strategy including where:

- Commissioners have a very large part to play in purchasing services within the market, and have a key influence over the resources which go into services for the population concerned.
- Commissioners need to be public about where they are going to focus their resources, and about how they plan to focus their procurement and purchasing in future.

A market position statement

A market position statement (MPS) has many of the characteristics (described in detail in Chapter 8) and involves many of the same activities as a commissioning strategy but is different in some fundamental ways:

- It is an analytical, 'market facing' document that brings together material from sources such as strategic plans and commissioning strategies into a document that presents the data that providers within the market need to know if they are to plan their future role and function.

- It signals the commissioners' desired model of practice for a specific market segment, and how they will seek to influence providers who are not funded directly to provide those services.
- Indicates the necessary changes, characteristics and innovation to service design and delivery the commissioner identifies as needed to meet the needs and preferences of the population using those services, and how commissioners will support and intervene in those markets.

It is this analytical element – and its focus on information that providers need to know to develop their own businesses and service – which characterises the MPS in comparison with a commissioning strategy. An MPS might for example, have the elements shown in Table 2.7.

Table 2.7 Elements of a Market Position Statement

-
- A summary of the direction the commissioning organisation(s) wish to take and the purpose of the document
 - The commissioning organisation's(s') predictions of future demand, identifying key pressure points
 - The commissioning organisation's(s') picture of the current state of supply covering both strengths and weaknesses within the market
 - Identified models of practice the commissioning organisation(s) will encourage
 - The likely future level of resourcing
 - The support the commissioning organisation(s) will offer towards providing choice as well as innovation and development
-

An MPS is particularly useful in the following market contexts:

- Where the commissioners are not the primary contract holders. This is an increasingly common situation in England for example:
 - Where individual adults requiring social care or families of children with disabilities are given direct payments or personal budgets with which to purchase their own care. This means that the local authority (unless asked) which previously purchased services on behalf of these populations is no longer involved in the choice of provider or the detailed contracting of services. In effect resources have been handed over to the individual service user to contract and manage.
 - Where individuals are funding the purchase of care for themselves because they are too wealthy to qualify for state support.
 - Where individual schools are managing their own budgets and purchasing support services rather than using the local authority to provide them.
- Where changes in the market need to be influenced or managed. In the situations described above, one might argue that the market could be left to itself to regulate and to balance, but most sectors and commentators agree that local commissioners have an

important role to play in market facilitation – or ensuring that information about activity, need, quality and availability is available and that vital services are not allowed to fail. An MPS can help with this.

- Where information about services to inform choice is not easily available. Many of the services provided via the public care sector are highly regulated, complicated, and the subject of a purchasing decision by members of the public on only very rare occasions. The role of the commissioner is to make sure the information available is accessible and of good quality to help purchasers make good decisions and an MPS is an important tool to help this.

A procurement exercise

Procurement is the process of acquiring goods and services, and, where the commissioner is also a holder of funds, is a key stage in securing local services to meet needs efficiently and effectively. Procurement activities do need to be driven by the intelligence and analysis gathered in a commissioning strategy, and they can involve the following:

- Tendering for contracted services from third sector or private providers.
- Developing service-level agreements with providers operating from within the public sector.
- Providing grants to voluntary organisations to help them deliver services.
- Setting framework contracts with providers which specify the services and rates which will be charged to individuals if and when they spot purchase from them in future.

Procurement activities in the public sector are subject to national and European legislation and guidance designed to ensure that opportunities are made available fairly and that the public sector gets good value for money. These are considered further in a later chapter. At this point it is worth noting that a procurement exercise is a commissioning intervention particularly worth considering when:

- A commissioner has resources which it needs to use cost-effectively to secure best outcomes for service users.
- The strategic intentions of the commissioner in a market are clear, and based on good evidence and detailed analysis.
- There is good data and analysis about the quality and performance of existing services.

A monitoring programme

The final major commissioning intervention is related to all of the previous three examples, but is included as a separate type of intervention because of the frequency with which commissioners come to recognise that they need to commence with monitoring of existing services before embarking on one of the other interventions.

A monitoring intervention is essentially an opportunity for a commissioner to set up systems which enable them to get a good grasp of the characteristics of the local market. It is not about undertaking a one-off exercise, but rather setting up arrangements which will enable commissioners to be better informed on an ongoing basis. For example, it might involve setting up arrangements for:

- Monitoring changes in population growth and demand on services.
- Reviewing the performance of services through monitoring progress in national inspections.
- Reviewing the impact of services by reviewing the outcomes achieved by service users.
- Reviewing the performance and quality of services through monitoring user and carer feedback.
- Monitoring performance against contract in terms of activities undertaken, services providers, users supported, costs incurred and outcomes achieved.

This information is crucial if commissioners are to work effectively with service providers and if they are to be able to facilitate markets with skill and insight. However, it is difficult to collect on a consistent basis and requires considerable time and commitment. Circumstances in which such interventions are most appropriate include:

- Where commissioners recognise the value of good quality market information and are willing to invest in securing it.
- Where commissioners are either major service purchasers, or where they are able to agree with providers that there is a market facilitation role which needs to be informed by good quality ongoing service and quality data.

Case studies

Going back to our case studies, we have already established the need for a commissioning intervention in both situations; we have identified the aims of the interventions and some key hypotheses which need to be addressed by the intervention. We have also identified key stakeholders and how they might be engaged in any intervention. Finally, drawing on the sections above, we need to propose the most appropriate type of intervention.

Older people with chronic health problems

In this case, we might agree that the primary change is likely to be a shift in resources from acute to community services, and that this will involve re-commissioning of NHS resources. Therefore we might decide that joint commissioning partners will use the development of a commissioning strategy to make the case for this re-distribution,

identify the changes required and to specify which key contracts will need to be re-negotiated.

Children with special education needs

In this situation, with the local authority working with a range of independent budget holding schools, it might be impractical to develop a commissioning strategy covering all of the intentions of the commissioners, so the local authority might work on a market position statement to give an indication to service providers about the market as a whole and how it is likely to develop.

EXERCISE 2.7

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- Consider again the population you have been looking at throughout this chapter. Which of the four major commissioning interventions do you need to consider for this population at the current time?
 - Why is this approach the right one for the circumstances?
-

Summary

This chapter has been concerned with the whys, the whens and the hows of commissioning. By now, if you have considered the examples and completed all of the exercises you should have a pretty clear idea about your own commissioning priorities, who you need to engage with to develop your commissioning intervention, and what kind of commissioning activities you need to undertake.

Commissioning is about change in organisations, in services and most fundamentally in people. As such it will always involve compromise, contingencies and careful judgement, and guidelines such as those in this chapter will not replace the local knowledge you need to apply in practice. However, a clear rationale, a good route map and a clear destination can help to ensure that the purpose of a commissioning intervention is not lost in the middle of the day-to-day work on improving public care.

Further reading and web-based resources

There are a number of web-based resources which explore these issues in more detail and provide up-to-date resources including:

Commissioning Support Programme Developed for the Department for Education originally, it covers resources to support children's commissioning. Available at: www.commissioningsupport.org.uk/

Intelligent Commissioning. Developed by IPC for the Yorkshire and The Humber Region, it covers resources for commissioning adult social care services. Available at: www.yhsccommissioning.org.uk

Buy4Wales Commissioning Route Planner Based on the IPC commissioning framework this website provides extensive guidance and resources to inform social care commissioning and procurement particularly but not exclusively in Wales. It also gives access to the national commissioning framework and guidance produced by the Welsh Assembly in 2010, which uses the IPC framework as its basis. Available at: www.buy4wales.co.uk/PRP/social-care

Joint Improvement Team Scotland Commissioning Guidance This guidance, based on the IPC commissioning framework covers good joint commissioning practice for partner agencies across Scotland. Available at: www.jitscotland.org.uk/action-areas/commissioning/

Appendix

Joint commissioning tool – a matrix for analysing approaches to commissioning across agencies

IPC has drawn on a range of materials and its own experience of working on the commissioning of public care services throughout the country to develop a matrix for analysing the extent to which different areas of the commissioning and contracting process are integrated across agencies. The matrix uses the following seven commissioning and contracting areas:

- Purpose and strategy
- Needs and market intelligence
- Stakeholder engagement
- Resource allocation and management
- Market management and monitoring
- Contracting
- Commissioning function

The matrix also differentiates between the following four levels of integration:

- Separate approaches: Actions and decisions are arrived at independently and without co-ordination.
- Parallel approaches: Objectives, plans, actions and decisions are arrived at with reference to other agencies.
- Joint approaches: Objectives, plans, actions and decisions are developed in partnership by separate agencies.
- Integrated approaches: Objectives, plans, actions and decisions are arrived at through a single organisation or network.

Examples of activities at each level are described in Figure 2.2 below.

Areas	Separate approaches	Parallel approaches	Joint approaches	Integrated approaches
Purpose and strategy	<ul style="list-style-type: none"> Agencies develop services to meet their own priorities. Single agency planning documents do not include key partners' priorities and drivers. Single-agency commissioning strategies. 	<ul style="list-style-type: none"> Systematic analysis of partner agency perspectives, issues and concerns. Liaison in the production of separate strategies. Strategies reference and address partners' issues. 	<ul style="list-style-type: none"> Shared commitment to improve outcomes across client group. Joint strategy development teams producing common strategies. 	<ul style="list-style-type: none"> Inclusive planning and decision process as an integral partner. A transparent relationship between integrated bodies. Single agency with one commissioning function.
Needs and market intelligence	<ul style="list-style-type: none"> Needs analysis is undertaken independently, and deals with very specific aspects of population need. Agencies use provider intelligence for the purpose of identifying their own commissioning priorities only. 	<ul style="list-style-type: none"> Separate needs analyses shared by agencies. Separate cost, benchmarking and general market intelligence shared by agencies. 	<ul style="list-style-type: none"> Jointly designed population needs analysis. Joint working groups to review market mix. 	<ul style="list-style-type: none"> Single projects undertaking needs and market analysis and using these to inform commissioning and contracting priorities. Single research, analysis, public health teams.
Stakeholder engagement	<ul style="list-style-type: none"> Public meetings, conferences, feedback are designed and delivered independently. 	<ul style="list-style-type: none"> Information from service users or service providers is shared when clearly relevant. 	<ul style="list-style-type: none"> Agencies jointly design and manage consultation and feedback activities. 	<ul style="list-style-type: none"> A single team is responsible for systematic planning and delivery of provider consultation to inform a single strategy.

Areas	Separate approaches	Parallel approaches	Joint approaches	Integrated approaches
Resource allocation and management	<ul style="list-style-type: none"> • Budgets are used solely to meet self-determined objectives. • The financial impact of services and policies on other agencies is not considered. 	<ul style="list-style-type: none"> • Agencies allocate some resources to address issues of common concern. 	<ul style="list-style-type: none"> • Agencies identify pooled budgets for particular areas, and a joint approach to decision making on budget allocation to meet common objectives. • Use of Health Act Flexibilities. 	<ul style="list-style-type: none"> • Pooled budgets within a single agency or network, to meet combined needs identified for the population.
Market management and monitoring	<ul style="list-style-type: none"> • Market management sited in separate organisations. • A fragmented approach to use of providers and resources. • Provider performance information not shared between agencies. 	<ul style="list-style-type: none"> • Performance measurement information shared to promote commonality and consistency. • Agencies inform each other of performance improvement needs. 	<ul style="list-style-type: none"> • Multi-agency review groups ensure robust joint arrangements for the collection and interpretation of performance information. • Sharing of risk with market development 	<ul style="list-style-type: none"> • Integrated monitoring and review arrangements that result in a shared understanding of the effectiveness of current services and the evidence for changes in the future.
Contracting	<ul style="list-style-type: none"> • Contract compliance information is used independent of other sources and solely within the organisation. 	<ul style="list-style-type: none"> • Agencies inform each other of purchasing intentions. • Agencies share information about contracts and intelligence about performance where relevant. 	<ul style="list-style-type: none"> • Agencies issue joint block contracts or share contract risk. • Standard joint contract terms are realistic and deliverable by providers. 	<ul style="list-style-type: none"> • Single function responsible for managing contracts to meet a single commissioning agenda.

(Continued)

Figure 2.2 (Continued)

Areas	Separate approaches	Parallel approaches	Joint approaches	Integrated approaches
Commissioning functions	<ul style="list-style-type: none"> Agencies have their own teams to support their commissioning activities. 	<ul style="list-style-type: none"> Agencies liaise re commissioning activities (e.g. needs analysis, monitoring of individual agency strategies) in order to support common commissioning objectives. Identified common training and development needs within agencies. 	<ul style="list-style-type: none"> Emerging hybrid roles support a joint strategic commissioning function across agencies. A clear understanding of the resources and skills required to provide support to joint strategic commissioning. Joint appointments of commissioning staff. 	<ul style="list-style-type: none"> Integrated commissioning function, e.g. a single manager with responsibility for managing commissioning and contracting within a single organisation or network.

Figure 2.2 Joint commissioning matrix