

Advanced Programme Think Tank

Commissioning & Contracting

20 June 2007

Introduction and Background

On Wednesday, 20 June 2007 Healthcare Alliances held a think tank to consider two recent Welsh Assembly Government circulars:

- [WHC \(2007\) 023](#): NHS Commissioning Guidance
- [WHC \(2007\) 038](#): Contracting Arrangements

The reason for convening the think tank was that the circulars are very different in style and content, yet had been published on the web (HOWIS) within two weeks of each other in April 2007.

17 NHS managers attended the event, which was facilitated by Healthcare Alliances. These notes are a record of their comments. No content has been provided by Healthcare Alliances. The purpose of the session was to facilitate participants learning and sharing experiences with each other.

There were three sessions:

1. consideration of the commissioning guidance
2. consideration of the model for Long Term Agreements (LTAs)
3. consideration of the links between the two WHCs

The first two sessions had four common elements:

1. benefits of the circular
2. barriers to implementation
3. aspects that were missing from the circular
4. other interesting aspects

The third session about the links between the circulars covered:

1. similarities
2. inconsistencies
3. links with other policies and strategies

A summary of the discussions and detailed notes from each of the sessions are enclosed, as is the delegates' evaluation of the event. **These notes are designed to be read in conjunction with the circulars and do not provide a stand-alone explanation of the content of the circulars.**

A draft of the notes was sent to all participants. Their comments have been incorporated into this final version of the notes of the workshop.

Note: there is a similar note available about the productivity and quality circulars that were published in November 2006 and which were discussed at a think tank in January 2007.

Overall Summary

The initial impression of the two WHCs was that the underlying intention was to improve performance management arrangements, yet they were very different in style and content:

- the commissioning circular, which covers the establishment of regional commissioning units, appears to encourage a collaborative approach based on longer term outcomes
- the long-term agreement circular appears more adversarial in nature and appears to have more of a focus on activity, rather than outcomes

A comment common to both circulars was that they are mainly acute focused and although community services, local authorities and the voluntary sector are mentioned, they are not included in the processes.

Both circulars could have potential benefits, if properly implemented, including improved consistency, less variation, better partnership working and maximisation of scarce skills.

However, four generic issues and inconsistencies were identified which could possibly reduce the attainment of the possible benefits:

Implementation Detail

The two circulars need more detail about how they will be implemented. For example, there is little information about monitoring arrangements, roles and responsibilities and accountabilities are not clear.

Information Systems and Data Quality

Implementation of both circulars will require better data than is currently available.

Timescales

Timescales for implementation were considered to be unrealistic.

Flexibility

Although both circulars state that the suggested way forward could be flexed to suit local circumstances, there was a perception that the circulars were intended to set out minimum requirements which must be included. A complex system, like the NHS needs simple rules, not more directive, complicated detail.

Summary of Sessions 1 & 2 – Comparison of the WHCs

Commissioning Guidance

Contracting Arrangements

Potential Benefits of the Circular

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| <ul style="list-style-type: none"> • Sharing of resources and expertise • Better partnership working • Improved arbitration process • Improved outcomes | <ul style="list-style-type: none"> • Improved performance • Better partnership working • Standardisation of processes • Reduction in variances |
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Potential Barriers to Implementation

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| <ul style="list-style-type: none"> • Poor quality information • Unrealistic timescales • Lack of resources • Lack of evidence • Differing cultures across the NHS • Lack of clarity about roles and responsibilities • Conflicts about priorities and resources | <ul style="list-style-type: none"> • Poor quality information • Unrealistic timescales • Bureaucracy of the system • Risk averse culture • Poor relationships |
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What's Missing From the Circular

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| <ul style="list-style-type: none"> • No political will for reconfiguration • No mention of the involvement of users and partners • Monitoring arrangements not clear • Lack of clarity of how the regional commissioning units will work • No explanation of how the networks will be integrated | <ul style="list-style-type: none"> • Implementation not clear • Finance and resource and data definitions not clear • Not consistent with a whole system approach • No mention of links to other strategies and policies and organisations |
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Summary Session 3 – Links Between the WHCs

Similarities

- Performance improvement
- Focus on acute and secondary
- Partnership working
- Aim to improve clarity and consistency
- Requirement for good quality data and information

Inconsistencies

- Timescales
- Roles and responsibilities
- Systems and the changes required

Detailed Notes

**Session 1:
WHC (2007) 023: NHS Commissioning Guidance**

Benefits:	Detailed comments
Could maximise resources and expertise	<ul style="list-style-type: none"> Improved skill mix Development of expertise Improved commissioning skills Pooling of knowledge Sharing capacity Closer working between local health boards Reduction in number of commissioners More consistent commissioning in each region Would provide critical mass Rationalisation of resources Knowledge exchange
Partnership working	<ul style="list-style-type: none"> Reduce the burden on providers Care pathway commissioning in health and social care Improved clinical evidence base Improved integration Link between health and social care commissioning Commissioners to manage demand
Arbitration	Should reduce the need for arbitration
Improved outcomes	<ul style="list-style-type: none"> Equity of provision across the regions Standardisation of services Higher quality Commissioning not just contracting Increased commissioning skills Reduction of variances Service improvement Focus on quality and service users, not costs and activity Focused on a common strategy for commissioning Raised profile of commissioning Attempt to achieve change
Barriers	Detailed comments
Resources	<ul style="list-style-type: none"> Too many units and boards leading to additional overheads Financial constraints - SCEPS No resources to meet demand Current service configuration Regional commissioning units will be an additional tier How will the facilities be provided for <i>Fulfilled Lives, Supportive Communities?</i>

Lack of Evidence	<p>What is the circular going to solve? What evidence is there that it will work? No evidence that going bigger will be better?</p>
Conflicts	<p>Conflicting priorities between local health boards NHS is free, social care is not Local and regional and national priorities Threat of hospital closures compared to local delivery of services</p>
Culture	<p>The different cultures in different organisations RCUs are LHB led Politics Involving all parties in the commissioning process Time needed to establish the regional commissioning units Time required to establish new skills in the regional commissioning units Lack of clarity about roles Poor networks Lack of local authority and health strategic join up Local health board's reluctance to relinquish control Who will really lead the RCUs? LHBs will need to agree a common approach What will be the impact of Local Service Boards (LSBs)?</p>
Process	<p>Clarity needed Accountabilities not clear How will social care commissioning and the independent sector be incorporated Time it takes to agree section 33 flexibilities Matching authority and responsibility Regional office arbitration Too much detail on process, not enough about metrics</p>
Information	<p>Lack of IT systems Lack of information Need for data quality monitoring and evaluation GP referral data will need to be shared Lack of integrated IT systems between local authorities and health Poor quality of data in primary care Issues about confidentiality and the sharing of information across agencies</p>

Unrealistic timescales	Unrealistic to have RCUs established by October 2007
Partners not included	Mentions care pathway commissioning, but other partners not included in the RCU How will partnerships be involved? How will networks be integrated?
What's Missing	Detailed comments
Political	Lack of political will for reconfiguration
Users	No mention of service user participation and engagement and patient choice No method for including social services and voluntary sector
Monitoring	Who will monitor evidenced base services? Needs a meaningful data set What are the currencies and measurements pathways? Will need a tariff, like payment by results
Clarity of regional commissioning units	Lack of clarity Accountabilities not clear Will lead to rationalisation of commissioners Clarity of regional office role and arbitration needed
Detail	How will regional commissioning units be resourced? The devil is in the detail yet no detail about the structure of regional commissioning units What are the governance arrangements for the regional commissioning units? Inconsistent with long-term agreement document What is the role of regional professional advisory committees?
Networking	No networking arrangements in place Clarity needed about the role networks will play
"Interesting" Comments	Detailed comments
Partnerships	What is a network? Section 31 is prescriptive What about the local health board - Health Commission Wales interface? What will the community partnership agreements be? Based on the belief that the NHS and local authorities have the same agenda

<p>Implementation</p>	<p>There are not enough drivers in the system to force change Regional commissioning units in place by October 2007 - unrealistic Who will want to take on the regional commissioning unit role? How will the regional commissioning units be performance managed by the local health boards?</p>
<p>Political direction</p>	<p>The Assembly is not integrated Perception that the aim is to reduce costs Documents have come from two different departments Back to the future - are we going backwards, will regional commissioning units become health authorities? Could there be a change of direction now that we have a change in health minister?</p>

**Session 2:
WHC (2007) 038: Contracting Arrangements: All-Wales Model
Template for LTAs**

Benefits	Detailed comments
Partnership working	The WHC adopts a mature approach to partnership working
Performance	Makes the link between activity, demand management and money Focus on modernisation and efficiencies Focus on the demand management role of local health boards Moves away from block contracting Greater focus on the baseline Makes links between activity and money Diagnostic and therapy services are included Based on information by HRG code Makes the direct link between activity and the money
Focus on Quality	Good to have clinical outcome indicators, mortality and morbidity The right of local health boards and Health Commission Wales to visit trusts to review services Some focus on quality and improvement, not just on activity
Standardised processes	National model for long-term agreements and three year long-term agreements provides clarity Could reduce variations in contracting Provides a consistent approach Clearer understanding of accountabilities Better understanding of long-term agreement content
Reduction in variances	Proper contracting Better dispute resolution between trusts, local health boards, Health Commission Wales Stricter compliance A common structure across Wales Standardised contracting practice

Barriers	Detailed comments
Lack of Information	Different interpretation of data definitions Lack of information Poor quality data and accuracy Information not forthcoming from trusts Lack of core information Robust information needed to support processes
Unrealistic Timescales	Inadequate timescales Short timescales Agreement by 31 July 2007 unrealistic
Bureaucracy of the system	Increased infrastructure costs More bureaucracy Need to understand activity capacity Yet more performance management, but who is doing it? How will it be monitored -- too much detail? Who performance manages, local health board or regional commissioning unit?
Risks	Current resource mapping information appears not to be appropriate Could destabilise trusts and local health boards LHB Annual Operating Framework does not fit with the timeframe
Relationships	Could lead to fragmentation of individual local health board contracts Could lead to conflict between local health boards Reinforces a one-way relationship Reduces collaboration The long-term agreement is with the local health board - not the regional commissioning units Individual contracting negotiations will still be required How will cost volume tolerances be agreed? Change fatigue again Cross-border working and patient flows not addressed
Missing	Detailed comments
Implementation not clear	Short on the detail of local health board responsibilities Quality issues referenced to healthcare standards only What about public and patient involvement? How will political fallout be handled if services are terminated?

Finance and resource and data definitions not clear	Data definitions needed for clinical services Information systems poor No resources for implementation Detailed service specifications needed Definition of contracting currencies needed Cost and activity reduction mechanisms needed No definition of tariffs If tariffs introduced, will need to be based on the patient, not on service activity
Not consistent with a whole system approach	No link with primary care Talks about care pathways but only local health board and trusts are involved, not social care, voluntary organisations etc Activity based not needs lead Not partnership focused Where is link with needs led? It is still demand focused
Lack of links	Who draws the line in current disputes? Ignores commissioning by Health Commission Wales Where are the links to the other strategies?
“Interesting” Comments	Detailed comments
Outcomes	There are complexities in health system outcome definition and measurement What are the monitoring and evaluation processes? How will care pathways be agreed?
Timescales	How will the LTA be signed off by the 31 October 2007? Assembly to issue an updated version for 2008 and 2009, but when?
Information	Assumes outcomes and assessment data are available Interesting times for information departments Ad hoc information requests should reduce - maybe
Incentives	One-way financial penalties Where is the incentive for trusts to shift services?
Process focused	This is yet more performance management Local health boards will use the process to ensure prices are reduced Transactional style This is contracting, not commissioning
Other	One trust has already prepared its own model LTA

Session 3: Comparison of the two WHCs

Similarities	Detailed comments
General	Both lack clarity Local health boards can choose not to use the regional commissioning unit; the long-term agreements must be used with both options The focus on demand management within local health boards
Performance improvement	Both strengthen clinical governance management Both revolve around numbers and processes It is implicit in both that performance needs improving Both attempt to improve on where we are currently
Focus on secondary care	Acute focused Reference to quality and improvement in both Link between activity and demand management and money
Partnership working	Implicit that existing models are not working Encourages partnership working Both advocate partnership arrangements
Clarity and consistency	They will both make commissioning more transparent WHC 38 would be an enabler for WHC 23 Advocate consistent and standard process across Wales Increase common understanding of service requirements Both provide standardised methods and processes Both strengthen commissioning
Data and information	Both attempt to improve information for commissioning and performance management Both identify the need for data to inform Both refer to appropriate currencies
Inconsistencies	Detailed comments
Timescales	Timescales are inconsistent

Contracts	<p>One is about activity, the other is about commissioning</p> <p>Single contract for trusts compared to a series of cost and volume contracts by local health boards</p> <p>Activity contracting compared to needs lead, pathway commissioning</p>
Roles and responsibilities	<p>Fragmentation of individual local health board or global regional commissioning unit arrangements</p> <p>Monitoring of trusts by local health board and Health Commission Wales -- what about monitoring of the local health boards and Health Commission Wales?</p> <p>One appears to be punitive</p> <p>Regional commissioning potentially streamlines, long-term agreements more bureaucratic</p> <p>One engages regional commissioning unit the other does not</p> <p>What happens if local health board and trust priorities are different to the regional commissioning unit plans?</p> <p>Differing roles of local health boards, trusts and regional commissioning units</p> <p>Long-term agreements with the local health board are not with the regional commissioning units</p> <p>No mention of regional commissioning units in long-term agreements</p>
System change	<p>Commissioning and service reconfiguration, compared to micromanaging contracting performance</p> <p>The Welsh circulars do not support each other using systems change</p> <p>Long-term agreements not outcome focused</p> <p>Wider agenda includes local authorities in commissioning, but not in long-term agreements</p>
Secondary care focus	<p>The LTA is acute focused</p> <p>One is health focused only the other is about the NHS / local authority and independent sectors</p>
Links with other policies and strategies	Detailed comments
Ministerial priorities	Need to be consistent

<p>No link to planning</p>	<p>Lack of strategic and policy join-up across health and social care What happened to the bonfire of the quangos? – compared to the new regional commissioning units and the resultant infrastructure How can commissioning / provider separation be used to drive up quality and outcomes? No mention of sustainable environment and the green agenda Where are the links to primary care, social care and England?</p>
<p>Links to other strategies needed</p>	<p>Health, social care and well-being strategies All Wales therapy strategies Public health prevention Chronic Disease Management Framework Informing Healthcare New Mental Health Act National service frameworks Local authority strategies Making the Connections Making Better Managers Equality and diversity Continuing care Quality and outcomes framework Public and patient engagement Designed to Add Value (Note: in order to inform future strategic directions between health and social care and the voluntary sector the Assembly will be producing a strategic review in consultation with the statutory and voluntary sectors during 2007 as part of Building Strong Bridges.)</p>
<p>Links needed to other systems and processes</p>	<p>GMS contract LDPs Payment by results Performance management Balanced scorecard Workforce planning Agenda for change and modernisation Referral management centres Access 2009 targets Designed for Improvement Business case management and approval Integrated care pathways development Modernisation plans Electronic patient record</p>

Organisations that will be involved	Regional offices DSU National Leadership and Innovation Agency for Health Welsh Office of Research and Development Health Solutions Wales National Public Health Service Wales Centre for Health Healthcare Commission National Institute of Clinical Excellence Local service boards
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Evaluation Comments About The Workshop

Main Learning Points

- Realising and knowing that there is a way forward
- It's all about putting grit into the system
- It is about greater financial control, not improved outcomes
- Appreciation of the differing views of local health boards and trusts about the circulars
- There is so much that needs to be done
- There is no link between planning & commissioning and contracting
- The variance across Wales
- We need to formulate the question as well as giving the answer, i.e. we need to get onto the front foot
- I found out that there are cost and volume contracts in Wales
- Therapies are included in LTAs, which will mean a steep learning curve
- I know more about commissioning than I thought
- There appears to be a lack of communication within the Assembly
- There was a wealth of information in the room
- I now understand how difficult commissioning is being made
- WAG should use 'think tanks' to test their documents before publishing
- I had not realised how acute focused I had become
- There is a need to improve communication links
- Robust data and information systems are needed
- Commissioners seem to have a different understanding of the processes

Disappointing Points

- Realisation of how big the gap is between policymakers at the Assembly and the implementers
- The lack of local authority and social services content
- Frustration that we aren't able to resolve some of issues
- Trusts do not appear to have discussed the circulars and are still in conflict
- "The willing doing the unknown for the ungrateful" - I must change
- The circulars might not improve things
- There are so many inconsistencies
- The way forward is so complicated and it might be more of the same under the guise of long-term agreements and regional commissioning units

Individual Action Points

- Validate our data and price activity and prepare for long-term agreements
- Feedback to general manager about the impact on our services
- Feed into discussions with the local health boards
- Discuss clarity of the regional office role and function and also arbitration
- Feedback to senior colleagues

- Find out more about our commissioning agreements with Health Commission Wales and the link, if it exists, to long-term agreements
- Find out what is the level of general awareness in the trust
- Endeavour to have input into the commissioning process for therapies
- Identify how to include non-core services into these processes
- Identify services that have no network arrangements i.e. have no voice
- Try review both Welsh and circulars with a view to linking with planning
- Don't panic
- Get more involved in commissioning activity
- Share views with divisional general manager colleagues
- Remain optimistic
- Link with colleagues to ensure opportunity is not missed
- Stockpile boulders
- Spend some time with local health board commissioners and regional office performance management department
- Press for activity data that has been lacking so far
- Feedback to the team back at work
- Take another day out to think
- Prepare a briefing paper for the commissioning committee
- Make a decision on how to take all this forward
- A briefing paper on the regional commissioning unit for the project board
- Start talking to my main provider about how we can progress a long-term agreement and make it meaningful
- Brief the regional commissioning leads on the day about the lessons learned and share thoughts