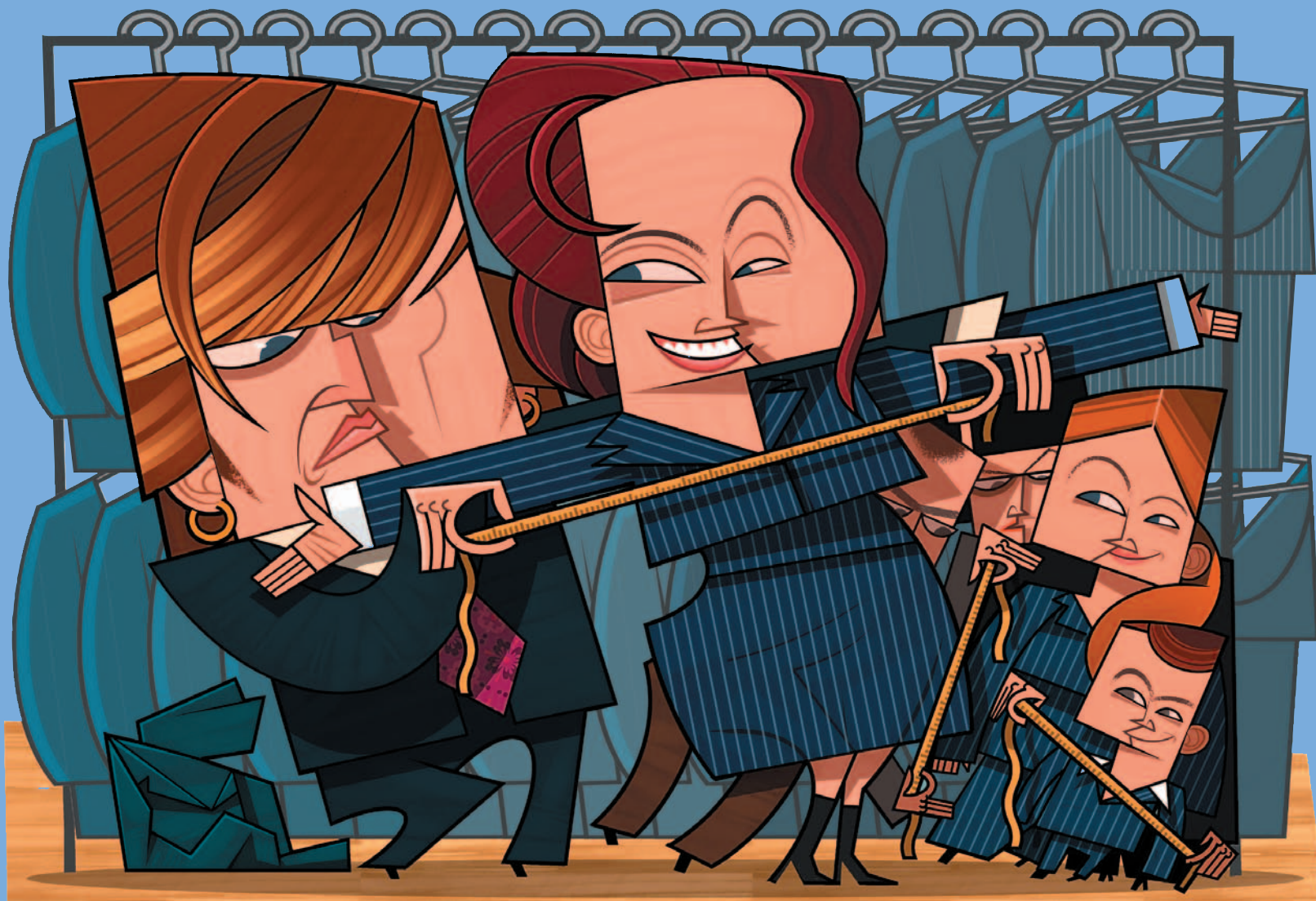


HSJ

COMMISSIONING

FESC PROVIDERS TO HELP PCTS MEASURE UP: 8-12

FITTING FOR PURPOSE





Better together

BUPA Commissioning is delighted to have been approved to provide the full range of Commissioning services under the FESC.

BUPA Commissioning is led by clinicians, and clinical expertise is integrated into all our services - we are a **Clinically Intelligent** organisation.

We are already working with Primary Care Trusts and other commissioning bodies to provide commissioning services in the following critical areas:

- **Healthcare Analysis** - understanding commissioning challenges by structured, pathways-based analysis of PbR, diagnostic, intervention and other data
- **Advisory Services** - using our worldwide experience of best practices to design fit for purpose solutions
- **Provider Management & Procurement Services** - applying clinical and performance management expertise to ensure delivery of desired commissioning outcomes
- **Management Services** - long term programme delivery support to deliver your commissioning services

BUPA already commissions care for more than 3 million people in the UK and a further 3.5 million overseas. With the most extensive healthcare commissioning resources in the UK outside the NHS we have the capability and scale to deliver.

BUPA has no shareholders and pays no dividends - so we share more with the NHS than you might imagine.

**Call us to find out more about
BUPA Commissioning**

0845 600 3036

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A WORD FROM THE SUPPLEMENT EDITOR

Framework for the future?

The Framework for procuring External Support for Commissioners has finally arrived. Launched by the Department of Health at the start of last month after several delays, the government hopes that the framework will usher in a change in the shape and strength of commissioning in the NHS.

The DoH's commercial directorate has picked 14 private sector companies to appear on the framework list, which it hopes will be used by primary care trusts to help them in their commissioning role.

Seven organisations have already started down the road of using FESC, with some at the early stage, drafting a business plan for use of the private sector before consulting the board and other stakeholders.

Others, namely London's Hillingdon PCT, are further advanced. The organisation has already picked BUPA Commissioning as preferred bidder to help it manage and analyse more effectively the contracts it holds with its acute sector providers.

The results from HSJ's survey of 93 chief executives, commissioning directors, finance directors and others from a total of 74 PCTs about their views on FESC make for interesting reading (page 2). Four in five thought there were ways other than FESC to help the commissioning process at PCT level, and nearly half thought that the framework would prove only 'a little' successful within their organisations.

And although the PCTs were fairly confident – 61 per cent of respondents – that their uptake of the use of the FESC would not be performance managed by their strategic health authority, almost all

respondents said that their SHA would be performance managing them on the quality and effectiveness of their commissioning.

This *HSJ Commissioning* supplement is an attempt to gauge the view of commissioners and performance managers on FESC. It analyses the government's reasons for introducing such a framework and asks how it might work (page 6).

DoH director general of commissioning and system management Mark Britnell explains how FESC forms part of the wider push for World Class Commissioning (page 13).

We also look at how the seven organisations selected to pilot FESC intend to go forward and what they are likely to use the framework for (page 14).

It remains to be seen how FESC will be used and how the private sector-PCT relationship will evolve. A best case scenario is that PCTs recognise what commissioning help they need and use the FESC and those private sector companies on it to provide real, intelligent commissioning expertise which remains within those organisations long after the private companies have departed.

It is clear that many PCTs are failing at present to manage the job on their own and, as Hillingdon PCT's chief executive Professor Yi Mien Koh says (page 14), the private sector could well provide the 'quick injection' of expertise needed to make the commissioning process work in a landscape of payment by results, tariff, and an increasing number of semi-autonomous foundation trusts. ●

Helen Mooney



SURVEY

HSJ's exclusive poll of one in four PCT chief executives and commissioning directors shows high levels of uncertainty over using FESC for commissioning, writes Alexis Nolan

FESC NOT ENOUGH ALONE

Less than half of primary care trusts plan to use the Framework for procuring External Support for Commissioners to get help in improving their commissioning, according to an *HSJ* survey.

Our poll of 74 PCTs – including more than half of those in the North East, South Central, South East Coast, West Midlands and Yorkshire and the Humber strategic health authorities – shows that among sometimes strongly differing opinions between chief executives and commissioning directors, there is at least uniform uncertainty in whether they will be using FESC.

The views of the 40 chief executive respondents were generally more positive about the framework than those of the 38 commissioning directors. The chief executives showed more belief in FESC, higher levels of clarity on how the expertise of private sector companies could help improve commissioning, less demand for other support and higher expectations of success.

More than one in three PCT chief executives felt 'to a certain extent' that FESC was an appropriate way to help PCTs improve commissioning and more than one in five that it was better, at 'OK'. By contrast half of commissioning directors felt FESC was 'to a certain extent' appropriate and just 11 per cent that it was better at 'OK'.

Key points

- Two in three commissioning directors and 44 per cent of chief executives don't know if they will use FESC.
- More than 70% of chief executives and commissioning directors would rather get other help in commissioning.
- More than half of chief executives and commissioning directors think FESC will at best be 'a little' successful.

While just 8 per cent of chief executives were unclear of how FESC might be used to improve commissioning, that level rose to more than one in three commissioning directors.

Both groups felt there were other ways in which they would rather get help in commissioning, although commissioning directors felt this more acutely (89 per cent) than chief executives (71 per cent). Those alternatives included more of an emphasis on the development of internal capability through training and education, more national information and support on best practice and service specifications and some resentment against private sector expertise.

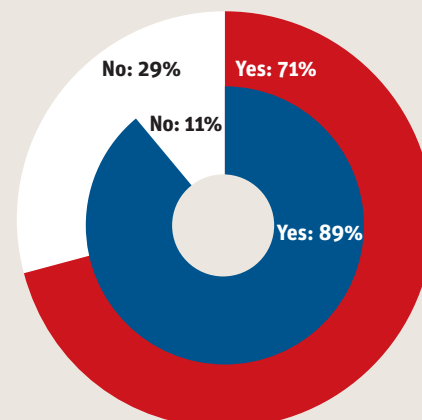
'Following the McKinsey FFP [fitness for purpose] for PCTs conducted over the last 18 months at great expense in time and resources to PCTs/SHAs and not least taxpayers money, a recurrent commitment should now be made to the ongoing development of PCT commissioners (as identified in their FFP development programmes) as opposed to investing in external, commercial, for profit organisations who may be able to provide a particular expertise in the commissioning process but in my experience at greater expense and not along the whole pathway; that is of course unless they are able to recruit the knowledge held with NHS commissioning,' said one commissioning director.

Another said: 'There is a need for organisations to build their capacity and capability through various routes. We should not be aligned to one option. Learning and development will play a key role in building commissioning capacity and capability.' ●

WHAT COMMISSIONERS WANT

Are there other ways in which you would rather get help in improving commissioning?

CHIEF EXECUTIVES / COMMISSIONING DIRECTORS

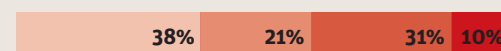


IS FESC THE RIGHT TOOL?

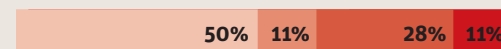
To what extent do you think FESC is an appropriate way to help PCTs improve commissioning?



Chief executives



Commissioning directors



'It's a good idea. I'm waiting to see how useful it is'

'As usual it is a top-down approach dressed up as a supporting framework'

HIGHER LEVELS OF INVESTMENT IN PRIMARY CARE TRUST SKILLS DEVELOPMENT, TRAINING AND EDUCATION

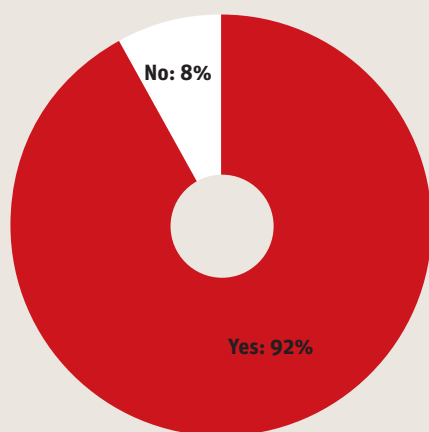
- 'Development of skill sets through NHS regional development centres which could still buy in tutorials from IS [independent sector]'
- 'Development programmes for people in key commissioning roles'
- 'Experienced temporary resource in house for team development'
- 'Accelerated development of in-house capacity – accredited modules for existing staff and a national training scheme'
- 'Formal qualification and training for NHS commissioning and contracting staff'
- 'University accredited commissioning development programme for PCTs [primary care trusts]'
- 'Support for skills and capacity development within PCTs, building a solid base of commissioning experience and expertise and succession planning within the NHS'

BETTER NETWORKING, BENCHMARKING AND DATA

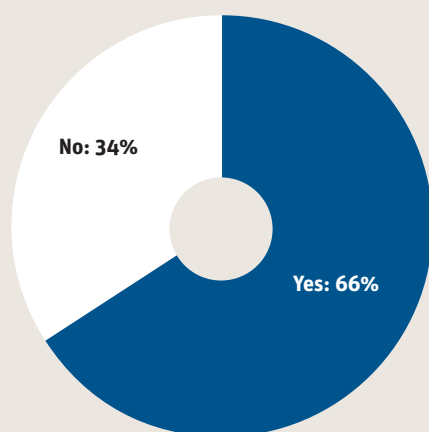
- 'Toolkits and checklists that allow PCTs to measure their local services (and commissioning processes) against best practice'
- 'Better sharing of intelligence over successful approaches, benchmarking, clinical pathways – all of which FESC can support, but I believe could, if set up properly, work in the NHS'
- Sharing of best practice, nationally and internationally, both in health and other sectors (via the NHS Institute?)'
- 'Improve information sources, particularly SUS [secondary uses service] and for non-PbR services'
- 'National support on best practice service specifications – this is currently duplicated across individual PCTs and wastes time and the opportunity for greater consistency'
- 'Consistent definitions of what 'world class commissioning' actually means and an agreed set of metrics by which development towards and attainment of this standard can be measured'
- 'Greater improvement in our info management, collection and data analysis – which doesn't need FESC. It just needs what we've got to work!'

Is it clear how you might use FESC to improve commissioning?

CHIEF EXECUTIVES

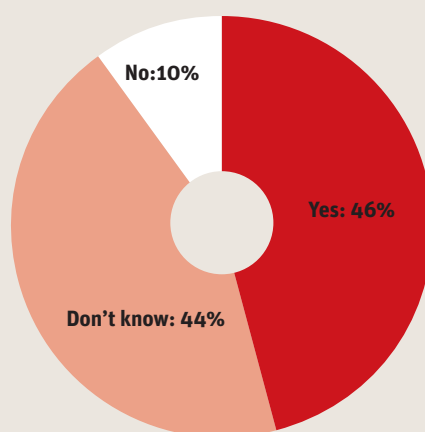


COMMISSIONING DIRECTORS

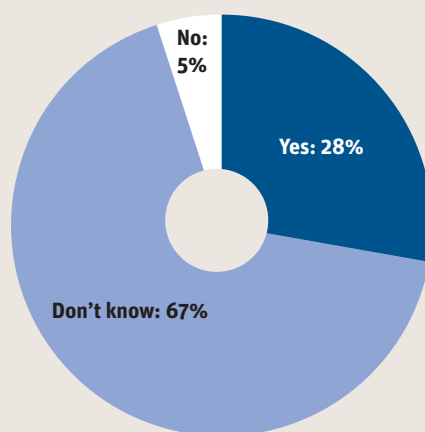


Will your PCT be using FESC to support your commissioning functions?

CHIEF EXECUTIVES



COMMISSIONING DIRECTORS

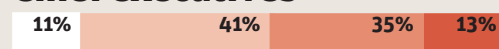


WILL FESC WORK?

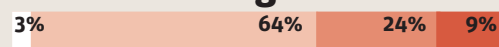
How successful do you think FESC will be in your PCT?

Not at all A little Fairly Very Extremely

Chief executives



Commissioning directors

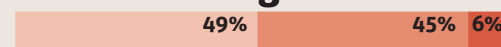


How successful do you think FESC will be in your SHA?

Chief executives

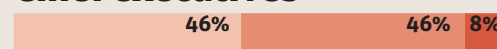


Commissioning directors

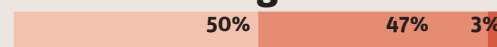


How successful do you think FESC will be at national level?

Chief executives



Commissioning directors



SHA PERFORMANCE MANAGEMENT

Do you expect to be performance managed on FESC uptake?

	Chief executives	Commissioning directors
Yes	23%	59%
No	77%	41%

100%

of PCT chief executives and commissioning directors expect to be performance managed by their SHA on the quality and effectiveness of their commissioning

HOW PCTS PLAN TO USE FESC

If your PCT is going to use FESC to support commissioning functions, in which area or areas of the PCT will external companies provide support?

	Chief executives	Commissioning directors
Assessment & planning	50%	73%
Contracting & procurement	41%	55%
Performance management	14%	18%
Settlement & review	32%	18%
Patient & public engagement	32%	18%

If your PCT is going to use FESC to support commissioning functions, at what level?

Micro	19%	33%
Function macro	10%	17%
Service macro	19%	17%
Combining any of the above	62%	58%

Micro: single commissioning service area

Function macro: all commissioning activity relating to a commissioning function across all service areas

Service macro: all commissioning activities across all commissioning functions for a single service area

PROVIDER EXPERIENCE

Which of the companies in the FESC list have you experience of working with? (all PCTs represented by chief executives and commissioning directors)

Dr Foster	89%
McKinsey & Company	86%
Tribal Consulting	55%
KPMG	52%
UnitedHealth Europe	41%
CHKS (Partners in Commissioning)	25%
McKesson Information Solutions	21%
Humana Europe	20%
Navigant Consulting	18%
Health Dialog Services	13%
BUPA Commissioning	7%
Aetna Health Services (UK)	1%
WG Consulting Healthcare	1%
AXA PPP Healthcare	0%



HEALTH DIALOG UK

Improving each person's care improves everyone's future

Every commissioner faces their own unique challenges but there are a number of common challenges faced by every commissioning organisation that strives to be world-class. For example, how do you balance the benefits between different care settings and types of intervention against the health needs of the local population? How do you engage GPs and patients to ensure they are involved in service design and decision making? How will you be able to demonstrate that you have added value in measurable ways to your local system productivity, quality of care and managing risk?

Health Dialog UK is the UK subsidiary of the Health Dialog Services Corporation – a world leading provider of analytic and care management and services. Today, approximately 19 million individuals have access to Health Dialog services in the US. In the UK, Health Dialog UK has been working with a number of PCTs to segment their entire populations according to individual risk profiles and then develop patient-centered programmes that use Health Coaching to support patients in self care and transfer skills in decision making. It is this unique approach to demand management that makes patients co-producers in their

own healthcare and ultimately leads to the less distressed use of services.

Dr John Sampson is PEC Chair at Norfolk PCT. He has seen at first hand how integrated risk stratification and targeted health coaching to those individuals who would benefit most from intervention, can benefit patients and reduce costs. "After twelve months initial results have proved very promising. The figures are clearly showing a significant impact," he says. "We can see consistent improvements in the way that health resources are being used by those that have had Health Coaching. What we are also seeing is a much more informed choice being made by patients. This means they are able to share in decision making and ultimately receive appropriate levels of care."

Assessing population needs and stratifying risk

Health Dialog UK is the creator of both PARR¹ and the more advanced Combined Predictive Model which uses general practice, inpatient, outpatient, and accident and emergency data to identify risk throughout the care continuum, including emerging risk patients for an entire population. The tool is used to identify high-risk or high-need individuals based on predictions of health care utilisation in the following year. This information supports commissioners to develop specific interventions to address the opportunities for cost savings and healthcare improvement. The Combined Model is customised according to local demographics, disease prevalence and data quality to enhance and fine tune its reach and potential impact on intervention design and local commissioning decisions. The Health Dialog risk stratification approach demonstrates that although patients in the top 0.5% of the population have the highest risk of emergency admission and use a disproportionate share of resources, they account for relatively few total emergency admissions when thinking about the population as a whole. By looking deeper into the population to proactively identify emerging risk patients and using segmentation approaches to drive intervention strategies, commissioners have the opportunity to impact on a significantly larger proportion of overall utilisation.

¹Patients at Risk of Rehospitalisation

Health Dialog UK working in partnership with world-class commissioners

Health Dialog UK's vision for successful commissioning is a system where patients get the care they need and no less and the care they want and no more. This is based on the concept of unwarranted variation which is backed up by 30 years of objective, peer-reviewed research.

Health Dialog UK provides precision analytics and information tools to power commissioning, support effective decision making and support the delivery of high quality clinical care. Its approach to shared decision making is evidence-based and it is a world-leader in the development of decision aids through its close relationship with the Foundation for Informed Decision Making (FIMDIM).

Health Dialog UK has been working with the NHS since 2000 and is led by a senior management team comprising former NHS professionals.

Health Dialog can help you with:

Health needs assessment • Reviewing service provision • Deciding priorities
Designing services • Shaping the structure of supply • Managing demand

To find out more about Health Dialog UK visit www.healthdialog.co.uk or email info@healthdialog.co.uk



Left:
Dr John Sampson

STRATEGY

The government plans to improve services by making trusts better commissioners. Helen Mooney explains how a framework to help PCTs access skills in commissioning from the private sector should help them ultimately deliver better fitting services to communities



PURCHASING

Cast your minds back to the summer of 2005. It may seem a long time ago but that was the summer that an awful lot was about to change for the NHS and primary care trusts in particular – at least in theory.

Less than a week after parliament had risen for its summer recess and everyone was packing up and shipping themselves off for a well-earned break in the sun, the Department of Health published its by now notorious document *Commissioning a Patient-led NHS*. The document will go down in history for the proposals it contained – not least that PCTs should break off their provider arms and concentrate solely on commissioning.

At the time, the document caused massive shock waves throughout the NHS and was subsequently watered down – but many key elements remain. Ultimately, PCTs were charged with ‘effective commissioning’ that made choice ‘real’ for patients.

It was not until a year later, in a somewhat messy invitation from the DoH to the private sector to tender a bid to be added to the catchily titled Framework for procuring External Support for Commissioners, that the FESC train really got going. However, the commissioning framework had already started the process.

Paragraph 23 of *Commissioning a Patient-led NHS* explains that PCT functions can be ‘provided by external agencies, partners and consortia working on their behalf’.

What is the driving force behind FESC and why is it needed? Put simply, the government, under former prime minister Tony Blair’s premiership, came to the conclusion that, on their own, many PCTs simply did not have the capability at all levels to carry out the entire commissioning job on their own. The PCT reorganisation started by the DoH’s commissioning document was an attempt to introduce that expertise and, as PCTs became bigger, the DoH hoped that their effectiveness at commissioning would also grow.

The government also conceded that some of the expertise in commissioning that it envisaged PCTs having in order for payment by results and the foundation trust model to work effectively did not exist in the NHS.

Therefore, it concluded, that type of commissioning capability was best brought in from the outside, from private sector companies that could do it better than the NHS could.

As Ian Dodge, director of the DoH’s policy support unit – part of the policy and strategy

director – told an Institute for Public Policy Research seminar in June ‘commissioning is still weak in many PCTs’. He explained that this was partly due to a ‘lack of clarity’ as to what was meant by commissioning.

‘There needs to be much better assessment of the needs and about the quality of current services and adding value,’ he said. ‘There are innovative models developed in the independent sector which quantify population health and changes over time. These haven’t been developed in PCTs and they [PCTs] don’t have the necessary models for analysis’.

Mr Dodge said that, although there was potential to introduce effective changes in commissioning, such change would require the ‘development of modelling techniques and stronger analytical functions’ in PCTs.

Mr Dodge’s speech reveals much about the DoH’s thinking on commissioning and FESC. The government is keen that the independent sector should be involved in commissioning. As Mr Dodge concluded: ‘PCTs should be free to seek support rather than think they should grow their own expertise. They need to look at other agents...such as the private sector to provide expertise’.

The DoH has now chosen and added to the framework 14 private companies it believes can help provide this commissioning expertise. It hopes that PCTs who have identified gaps in their commissioning skills will now decide to approach the private sector to provide that expertise (see box).

The skills that PCTs will be required to have either internally or procured through the private sector include, for example, being able to carry out the analysis of population risk assessment, data harvesting and analysis, social marketing, professional feedback, opinion surveys, service evaluation and redesign, and procurement and performance management.

Launching FESC at the start of October, health minister Ivan Lewis said that it was designed to ‘allow PCTs to benefit from a bank of knowledge already built up through the DoH procurement process’. He said that PCTs would be able to work with organisations that are ‘already known and trusted’ to free up PCTs to ‘concentrate their efforts and expertise on providing patient care’.

Mr Lewis added that it would be the decision of PCTs whether to use the FESC suppliers and said that, should they choose to do so, they would ‘remain fully responsible and accountable for managing the services provided’.

So which part of the commissioning process will PCTs be able to ask private companies to help them with?

FESC sets out three ways in which the private sector can be used and three lists to which the private companies can be added: micro; function macro; service macro; and any combination → 8

‘PCTs should be free to seek support rather than think they should grow their own expertise. They need to look at other agents...such as the private sector to provide expertise’

WHO’S IN FESC?

The 14 companies on the Framework for procuring External Support for Commissioners

- Aetna Health Services
- AXA PPP Healthcare Administration Services
- BUPA Membership Commissioning
- CHKS, trading as Partners In Commissioning
- Dr Foster Intelligence
- Health Dialog Services
- Humana Europe
- KPMG
- McKesson Information Solutions
- McKinsey & Company
- Navigant Consulting
- Tribal Consulting
- UnitedHealth Europe
- WG Consulting Healthcare

Key points

- Primary care trusts need to be better commissioners to balance provider strength and develop new services.
- The private sector has commissioning skills lacking in the NHS that need to be tapped into.
- FESC provides a list of companies for PCTs to use.

NG POWER

7 of the three. These are then each split into four commissioning areas: assessment and planning; contracting and procurement; performance management, settlement, and review; and patient and public involvement.

According to the DoH's FESC team – part of the department's commercial directorate – PCTs will be able to approach: companies on the micro list to provide a single commissioning service area; companies on the 'function macro' list for 'all commissioning activity relating to a commissioning function across all service sectors'; and those on the 'service macro' list for all commissioning activities across all commissioning functions for a single service area (see box). It will be left up to PCT boards to decide which option or combination of options they want to use to achieve effective commissioning.

According to an explanatory outline document by the DoH FESC team: 'FESC enables commissioners to secure support from pre-qualified independent sector organisations that have been evaluated on their ability to support the commissioning needs of local systems'. The framework and the work that these companies will provide is based on a matrix of commissioning functions and service areas, designed to enable PCTs to procure external support to meet their local requirements from a pre-qualified list of suppliers.

The FESC team document continues: 'Part of the purpose of the FESC is to allow for development and sharing of skills across organisations, particularly where independent sector partners have worked in different parts of the NHS and in other healthcare systems'.

To enable trusts to decide whether to use FESC, the DoH will provide PCTs with a self-

assessment tool. The PCT will be able to use the tool – which is based on a commissioning matrix – as a basis for discussing and deciding on their organisation's skills gaps and their need to procure from the private sector. The tool will ask PCTs to examine four skills areas and assess the need to use the FESC against these (see box on page 10).

These include:

- Engagement – how is the PCT engaging and managing stakeholders?
- Financial – how is the PCT achieving a sustainable financial position?
- Learning and growth – how is the PCT sustaining our ability to change and improve our commissioning capabilities?
- Systems and processes – what commissioning processes should the PCT excel at to satisfy the public and its strategic health authority?

The government and the DoH see FESC in engaging the help of the private sector in commissioning as a tool to help PCTs get better at getting value for money while ensuring the quality of the healthcare services they provide to their local populations. FESC has now become part of a wider package being rolled out by Mark Britnell, the DoH's director general of commissioning and system management.

In August, Mr Britnell announced that he would look to reward PCTs that can demonstrate they are 'world-class commissioners' by giving them foundation trust-style freedoms.

The DoH dispatched a questionnaire asking for ideas on what world-class commissioning – a phrase coined by Mr Britnell – should look like. In a letter accompanying the questionnaire, DoH commissioning director Gary Belfield said that a central part of the world-class commissioning programme is to introduce 'earned

'Part of the purpose of FESC is to allow for development and sharing of skills across organisations'

FUNCTIONS AND WHAT THEY COVER

Service Sectors Commissioning		Acute health services		Mental Health and Learning Disabilities Services	Out-of-hospital services			Specialist services	Ambulance services
		Unplanned	Planned		Social Care	Primary Care First Contact	Community		
Functions	Activities								
Assessment and planning	<ul style="list-style-type: none"> ● Health needs assessment ● Reviewing service provision with local authority ● Deciding priorities ● Designing services ● Shaping the structure of supply managing demand 								
Contracting and procurement	<ul style="list-style-type: none"> ● Primary care services ● Extended primary care services ● Secondary care services 								
Performance, management settlement & review	<ul style="list-style-type: none"> ● Payment by results transactions ● Budget and activity management ● Performance management ● PBC operating processes ● Patient feedback & GP intelligence 								
Patient and public engagement	<ul style="list-style-type: none"> ● PCT prospectus ● Referrals and advice on choices ● Patient-initiated petitions ● Engagement strategies ● Communications strategies 								

World-class commissioning

A new era starts here

humana.co.uk

When Nye Bevan realised his vision of a free comprehensive health service for all, he could not have predicted today's public health burden of chronic yet preventable disease. And with government figures predicting that half the population are heading for obesity within the next 25 years, there has never been a more crucial time to engage people in their own health. Yet a number of recent studies have questioned the effectiveness of the £500m of NHS funds spent on services to stop people smoking, with some even saying that it has been completely ineffective. People simply aren't getting the message, or even worse, the message isn't reaching them at all. So is there a better way?

Humana, recently appointed as providers of commissioning services to PCTs, gave their view on how they would approach the massive challenge of making people responsible for their own health. Director of Policy and Research, Tom Granatir is certain that the answer lies in world-class commissioning.

“Our health is a consequence of the many little choices we make every day about what we eat, how much we eat and how much we move. But too many of us think about health only when we become unwell. We all need to become more engaged and more mindful of the choices that will keep us healthy. The challenge lies in how to connect with people as individuals, how we understand their needs, attitudes and preferences for care, and how we commission services to meet them where they are.”

Healthy people, healthier system

At this point in time, world-class commissioning in healthcare is a vision, not a reality. But it heralds a radical new direction for healthcare in which the system centres around the patient. World-class commissioning has the potential to change the way we think about health forever and the responsibility for delivering it lies firmly at the door of the country's PCTs. So how does Humana define it?

Tom Granatir explains:

“We envisage a healthcare system in which everyone involved wins. That means taking a consensual approach in which mutually satisfying supplier relationships centre around meeting the needs of health consumers. And at the core of world-class commissioning for health lies personal engagement, which is essential to reduce the suffering from preventable disease.”

It hasn't been done before in healthcare, but world-class commissioning has been successfully proven in industry.

Take the Toyota Production System for instance. It's a system designed to eliminate waste and is based on continuous improvement in the organisation of management and logistics, including the interaction with suppliers and customers. Its success depends on a correlation of events, the first being planning and data gathering, that allow predictions about the future to be made. Humana recognises the importance of data in revealing an evidence-based picture of an individual's clinical pathway that can forecast future disease.

“Patient data gives us a deep insight into why and how a person behaves,” says Tom. “It can predict the likelihood of future disease and give the PCT a reliable picture of the kind of services they should be planning. But most importantly, it provides the opportunity for PCTs to reach out and engage people to take more control over their health and healthcare.”

The four pillars of world-class commissioning have been defined as assessment and planning, contracting and procurement, performance management, settlement and review, and patient and public engagement. Humana outlines their approach to each of them in their forthcoming white paper on world-class commissioning.

World-class commissioning will require a high level of diverse skills including actuarial analysis, contract management, procurement and social marketing. Investment in information systems to produce meaningful performance and comparative data inevitably will become critical. And as these systems begin to generate more insights, more opportunities will arise to deliver appropriate interventions and patient-centred care.

The good news is that the tools and skills are out there and available to PCTs from healthcare support organisations like Humana. And Humana has taken their commitment to commissioning excellence even further by founding an independent training and networking centre designed to promote learning and the sharing of effective practice.



Humana's Commissioning Institute – a centre of excellence

Across the country PCTs are carrying out a host of successful pilot schemes that have the potential to transform the NHS. But despite their sterling efforts, the innovative solutions being produced are staying localised. What's needed is a forum for the exchange of ideas and the further development of all the good practice that already exists. Humana's Commissioning Institute is designed to provide that forum, and much more. It aims to become a centre of excellence, offering a unique learning environment open to everyone involved in the commissioning of healthcare. It seeks to develop a wider network of leaders for commissioning, bringing together clinical, managerial and public health professionals in partnership into the design of service delivery. By doing this The Commissioning Institute will contribute to the expansion of commissioning skills that will transform our nation's health.

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HUMANA

8 autonomy' for PCTs as a reward for being effective commissioners.

Freedoms for PCTs could include less frequent performance management, greater financial autonomy and the ability to enter joint ventures without DoH approval.

The DoH plans to draw up 10-15 key competencies that PCTs would need to adopt to become world-class commissioners. As organisations, they will also be expected to be subject to the risk-based regulation, similar to that imposed by Monitor, the foundation trust regulator, but overseen by SHAs.

At the end of September, the DoH held a world-class commissioning conference at Warwick University which involved around 75 'leading thinkers and practitioners from the NHS and its partner organisations' to flesh out what excellent commissioning should look like and what competencies PCTs should strive for.

Use of FESC will start in Hillingdon PCT this autumn, as it is asking Bupa Commissioning to ensure better data analysis and coding of its commissioned secondary care work. Ahead of being named as one of the government's FESC pilot sites, the PCT entered into negotiations with BUPA Commissioning in September in the hope that the latter will be able to provide it with a small range of commissioning services and skills.

According to Hillingdon PCT's business case, BUPA Commissioning will be asked to analyse and help performance manage the activity data of local acute trusts. It will also be charged with coming up with ways to commission more efficiently and save the PCT money. The PCT hopes to have the contract up and running by 1 November.

The other pilot PCTs aim to start to use FESC and work with the private sector in the new year.

The DoH's FESC team hopes to advertise FESC to other PCTs in a series of roadshows which will take place in each of the 10 SHAs, starting in the North West on 2 November. The private companies will be invited to showcase the skills and knowledge they can offer to PCTs. It will also be an opportunity for the NHS to learn more about using the FESC.

According to the FESC team, using the framework will help PCTs undertake their commissioning functions. The DoH says it will help PCTs by:

- providing easy access to a framework of organisations, offering a range of skills and experience, that have been through a robust pre-qualification process by the DoH;
- saving time in undertaking procurement activities, with easy access to optimum value-for-money solutions;
- minimising the range of organisations offering resources, which will reduce the legal and cost implications that can be encountered when seeking to procure external support;
- adopting more innovative and efficient approaches to commissioning.

The companies on the list will be able to provide a range of skills and expertise to the private sector, whether it is helping to collect and analyse data on acute trust activity, ensuring that the coding is accurate and PCTs are paying for what they actually commission, or helping to negotiate contracts which are better value for money from the acute sector.

Many of the companies involved have healthcare insurance backgrounds and are knowledgeable in data analysis and population risk stratification to a minute level.

The government and PCTs alike hope that these companies will be able to quickly inject

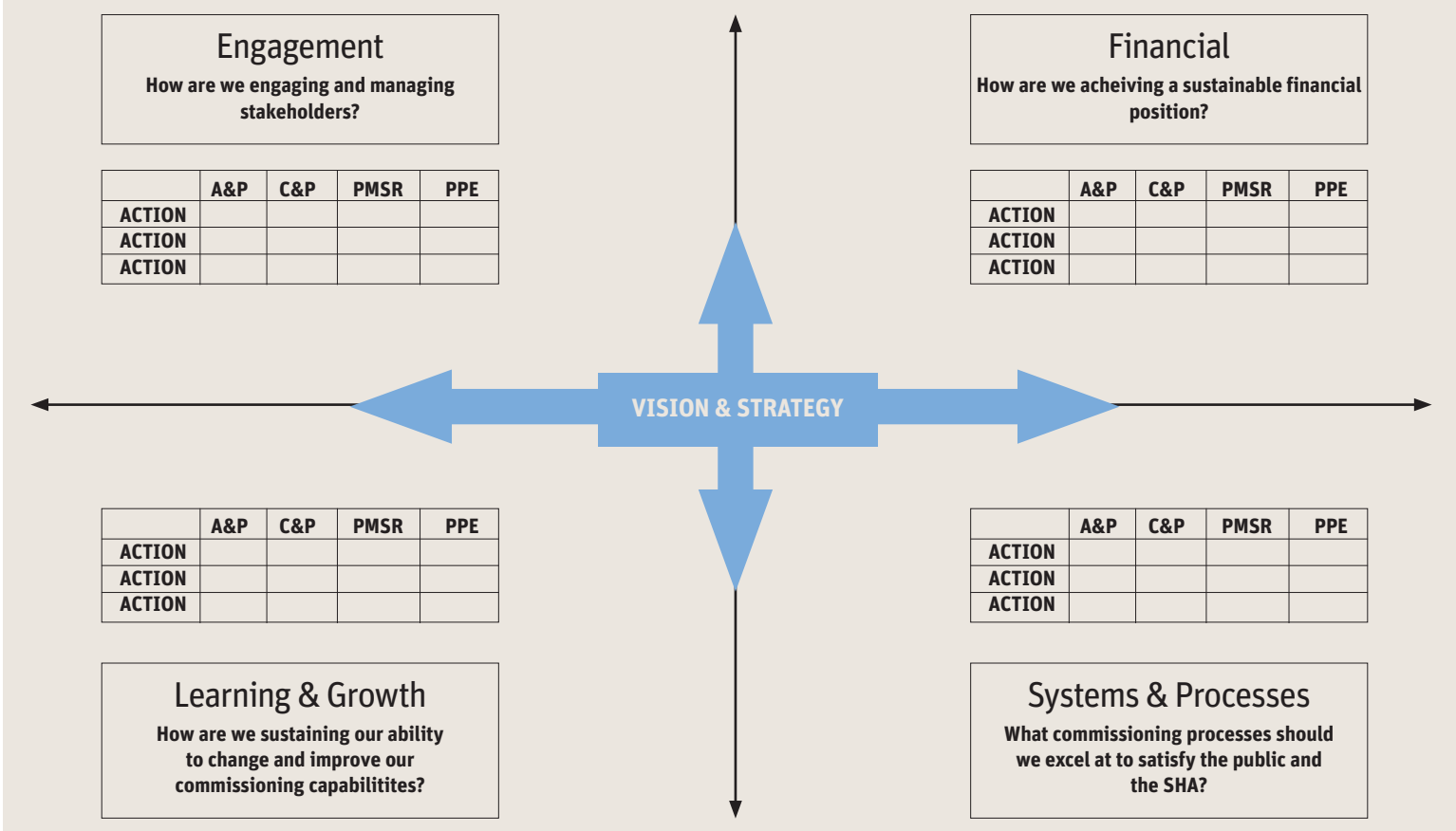
'There need to be limits to private-sector involvement... you won't see end-to-end consortia'

some of the much-needed expertise and advice in commissioning that PCTs want.

One thing they will not be allowed to do however, is take over the running of PCTs in their entirety. Although initially mooted by the DoH and contained in the initial tender notification, the idea of end-to-end commissioning has been shelved, at least for the time being. As Mr Dodge warned: 'There need to be limits to private-sector involvement, because PCTs are public bodies and require legitimacy and accountability. This is partly why you won't see end-to-end commissioning undertaken by external consortia.'

If Mr Britnell's vision of world-class commissioning is to take shape, PCTs may well be forced to use a magnifying glass to look at they what they do well and what they do badly. Most will have to concede that they do not have all the skills and expertise needed to become world-class commissioner single-handedly and, when they do, the private sector will be waiting to work with them. ●

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OPINION

MARK BRITNELL ON WORLD CLASS COMMISSIONING

World Class Commissioning is intended to transform radically how services are commissioned within the NHS. The joint programme developed by the NHS and Department of Health aims to have a profound effect on population health, reducing inequalities and ensuring people live longer and healthier lives, 'adding life to years and years to life'.

As commissioning is mainly the responsibility of primary care trusts, they will lead the drive to deliver improvements.

By becoming world class at what they do, PCTs – along with general practices – will take a longer-term and more strategic approach to the commissioning of services, with a focus on providing a proactive rather than reactive health service.

To do this, commissioners will require strong knowledge management and analytical skills to ensure they develop a long-term view of community needs.

They will also need to build on their position within the local community, developing closer relationships with key partners, including practice-based commissioners and local authorities, and playing a more integral role in shaping and defining local services.

Key to success will be a PCT's ability to listen and communicate back to its community. To minimise risk, maximise value and drive continuous improvement, commissioners will have to develop stronger negotiating, contracting, financial and performance management skills.

We know that at present there are skills gaps within some PCTs that will need addressing as we make the move towards world-class status. As part of the World Class Commissioning programme, a support and development framework is being developed to give commissioners the tools they need to drive improvements, by either sharing services and good practice, developing internal

resources or buying in external expertise.

The full support and development framework is still being jointly developed by PCTs, the Department of Health and the wider health and social care community, and will be available early next year.

It will be up to commissioners to identify areas for their own development and to select the most appropriate tools for their local circumstances.

The Framework for procuring External Support for Commissioners (FESC), which is part of the 'buy' option, provides PCTs with easy access to a bank of specialist expertise in areas such as data analysis, contract management and public engagement. It is just one of the tools available to help commissioners fill any gaps in expertise and support them on their journey to becoming world class. We have always made it clear that PCTs are not obliged to use this framework – it is simply there to help them if they need it.

A key benefit of FESC is that it allows PCTs to buy in services in a way that is cost- and time-effective from experienced organisations that are already known and trusted. All FESC suppliers have been appointed on the basis of their technical and commercial ability and have gone through a rigorous pre-qualification process, in line with European Union procurement law.

FESC is more than simply a procurement tool, in that it involves a structured and analytical solution to commissioning needs, with template documentation and the services of a support team.

It is a great tool for driving world-class commissioning because the commissioning skills offered by the high-quality suppliers selected for the framework will lead to more innovative and efficient approaches to commissioning and will help achieve optimum value for money solutions.

Through working with external suppliers, PCTs can then harness any expertise brought into the organisation with the ultimate view of improving the skills of their own staff beyond the term of any FESC contract.

“
PCTs are not obliged to use this framework – it is simply there to help them if they need it
”



To maximise the potential of the framework, we have agreed to pilot a number of FESC schemes across the country over the coming months. Lessons learnt in these areas will be shared with the wider NHS and will influence the direction and use of the framework to ensure it supports our drive towards becoming world class in the best way possible.

There has already been considerable enthusiasm in FESC, with over 80 PCTs showing an interest in using the services available under the framework. Some PCTs will be looking to buy in expertise in small discrete areas, such as data analysis, while others will look to use the framework for a broader range of services to meet their needs.

Initial pilots are planned for: Ashton, Leigh and Wigan PCT; Cambridgeshire PCT; Hampshire PCT; Hillingdon PCT; North East Lincolnshire PCT; East of England strategic health authority and West Midlands commissioning business support agency.

In the meantime, any PCTs interested in using FESC are encouraged to begin their preparation so that, once the pilots have run, they will be ready to put their own requirements out to tender.

The development of World Class Commissioning is critical to the future health of the NHS. FESC has been designed as a tool to assist the NHS in achieving that goal. In many cases, NHS organisations have already worked with private sector organisations on these issues for years. FESC simply makes it easier and cheaper.

Whichever route a PCT chooses to become world class, they continue to be accountable and responsible for the commissioning function. Ultimately, it will be down to the PCTs themselves to drive World Class Commissioning and, in so doing, ensuring that the NHS remains one of the most progressive and high-performing health systems in the world.●

Mark Britnell is director general of commissioning and system management at the Department of Health.

PILOT SITES

Helen Mooney asks the early adopters of FESC and their private sector partners what they hope to achieve from the framework

WISE BUYS



Commissioning is the name of the game. It's important – and the government wants 'world-class commissioning' that will foster a leaner, meaner health service for the 21st century which provides top-quality care at the best price.

Whose job is it to carry out this commissioning vision? Well, it's down to primary care trusts, guardians of the public purse, who are charged with spending that money as wisely as possible for the benefit of the health of the populations they serve. It's a tall order and something which has not been achieved successfully and uniformly across the country.

Until now that is. Last month, the Department of Health introduced the Framework for procuring External Support for Commissioners (FESC) which it hopes will enable PCTs to access the expertise of the private sector in order to learn how to commission more effectively.

Fourteen private sector companies have been added to FESC and seven organisations have so far signalled the possibility of using the FESC to help better support their commissioning function. The potential pilots are: Ashton, Leigh and Wigan PCT; Cambridgeshire PCT; East of England strategic health authority; Hampshire PCT; Hillingdon PCT; North East Lincolnshire PCT and the West Midlands commissioning business support agency.

The DoH says that FESC is comprised of

organisations that have undergone a 'robust pre-qualification process' and will offer services such as data analysis and contract management expertise to PCTs. It hopes that the framework will provide 'easy access to a bank of specialist expertise'.

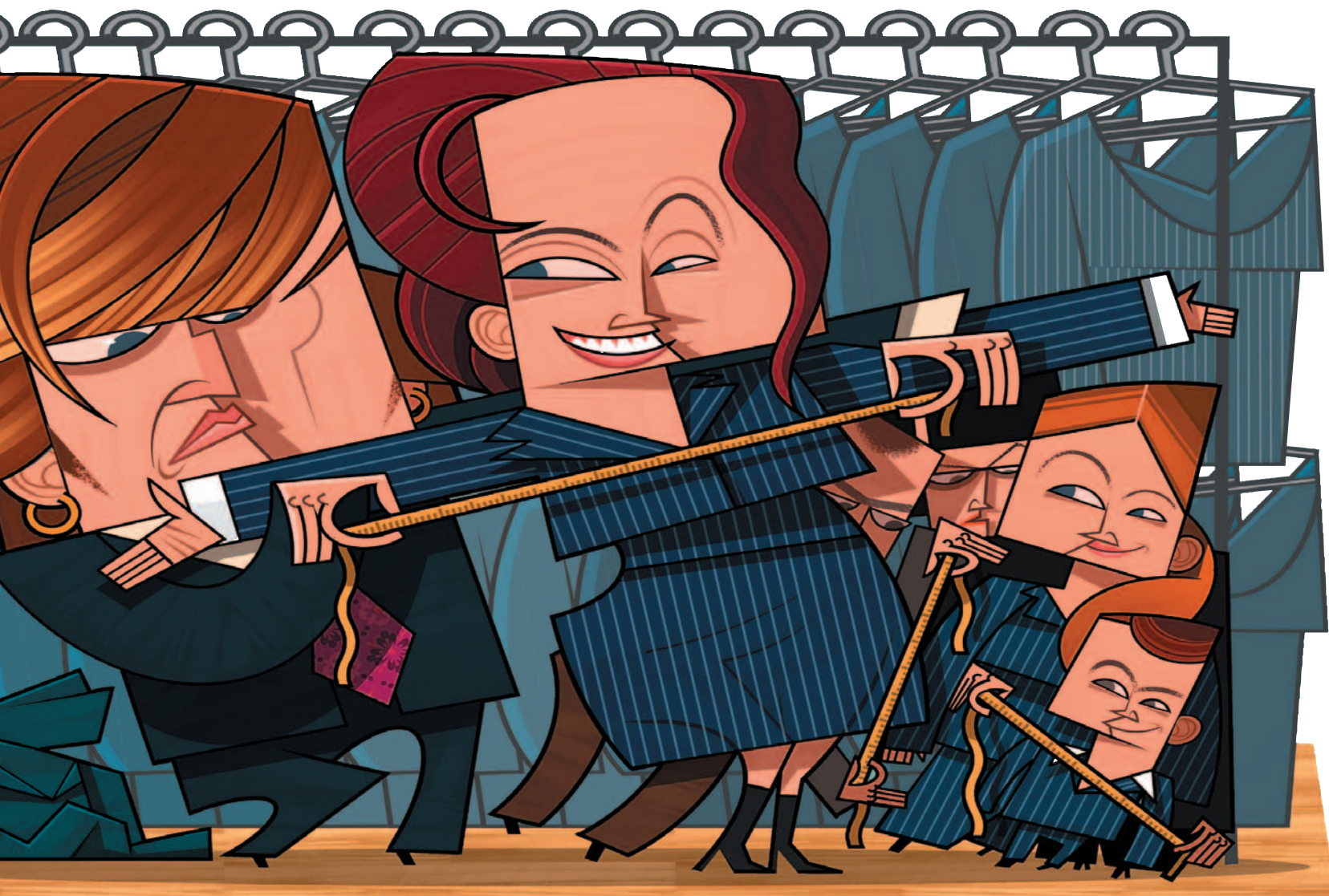
The DoH says that FESC suppliers have been appointed on the basis of their technical and commercial ability to deliver a range of services. According to health minister Ivan Lewis, a typical example of the kind of service that could be provided by one of the private companies would be in the 'delivery of data analysis services to help PCTs assess the specific community needs of the local population, analyse trends and pinpoint areas of particular need'.

'As well as providing a panel of expert suppliers, the framework is expected to help PCTs obtain the best value for money by minimising resource and cost implications associated with conducting procurement activities, which some PCTs face when trying to obtain external support,' he says.

Hillingdon PCT has moved fastest on using FESC, gaining special permission from the DoH to tender to the private sector companies on the list before any official announcement had been made. It is clear that the PCT feels it can gain a lot from private sector expertise. A £50m deficit means that the organisation had already been

Key points

- Seven pilot organisations will use FESC companies to try to improve their commissioning performance.
- Hillingdon PCT is the furthest forward, hoping to save £11m in a three-year contract with BUPA Commissioning.
- Multi-PCT deals are likely in the West Midlands, NHS East of England and NHS South Central.



singled out by NHS London's new monitoring regime as one of 10 organisations at high risk and it has been given a 'red light' because of the financial situation it has found itself in.

At the start of 2007, the PCT's then interim turnaround chief executive Anthony Sumara proposed a radical programme to rescue the ailing PCT, which would have seen three of four commissioning support services run by the PCT put out to tender. Under the proposals, the PCT would have retained only core functions such as governance and emergency planning, as well as patient and public involvement.

Indecent proposal

The Proposal to Procure commissioning strategic outline case published by the PCT in January argued that 'outsourcing the majority of the PCT commissioning functions' would give the 'greatest benefit and the greatest probability of success' when compared with the other three options: doing nothing; build internal capability; or develop synergies with other organisations.

At the time, Mr Sumara said that the chances of the PCT board agreeing to the plan were 50:50. The PCT did not agree to such a move but it did not rule it out entirely and the board has decided to use FESC to outsource a small part of the organisation's commissioning function.

Current PCT chief executive Professor Yi Mien Koh is pragmatic. She says that the PCT desperately needs to deliver what she calls 'real commissioning'.

'It is about good procurement and contract management which, at the moment, we don't do well,' she says. 'It is also about proper needs assessment which we also need to improve on.'

In September, the PCT named BUPA Commissioning as its preferred bidder and plans to use the company to help it commission services more efficiently. BUPA will be tasked with working to analyse and help performance manage the activity data of local acute trusts. It will also come up with ways to commission more efficiently and save the PCT money.

The PCT's service specification for the 'provision of external support services' states that BUPA will have to 'interrogate and validate activity data from acute service providers and identify queries within the data sets'. It will also be required to 'benchmark commissioned acute sector activity to resolve areas of over-commissioning'.

The performance management of commissioned activity from acute trusts will be shared by both BUPA and the PCT. Professor Koh says that proper data validation under a payment by results system is one of the keys to successful commissioning. She adds that the vision of →16

'We are bringing in consultancy to help build our internal capacity – we need to quickly inject expertise which is not widely available in PCTs and in the NHS'

15 ← ‘real commissioning’ is about delivering excellent healthcare and real patient and public engagement. ‘We are a long, long way off that kind of best practice at the moment,’ she adds.

The PCT will pay BUPA £350,000 a year for three years and hopes that, by bringing the company in, it will save £11m in that time.

‘It is a very small contract,’ admits Professor Koh. ‘We are bringing in consultancy to help build our internal capacity – we need to quickly inject expertise which is not widely available in PCTs and in the NHS in general,’ she says.

Professor Koh says that the PCT is still working through what the contract will look like but that BUPA will be ‘incentivised’ to produce outcomes. She admits that the PCT is starting from a ‘low diving board’ in terms of the size of the contract but that if it works well the organisation may decide to use companies on the FESC for bigger projects.

However, she cautions PCTs against thinking that using the private sector will provide a ‘magic bullet’ solution. ‘You need to know what you need before you use it,’ she says.

BUPA Commissioning chief executive Dr Natalie-Jane MacDonald says that commissioning is an indefinable word but adds that BUPA wants to help the PCT become an ‘informed purchaser of healthcare’ and help it to obtain value for the community it is serving. She says that, in using an independent consultant, the PCT will be able to reconfigure the commissioning practices and priorities.

‘We have a good track record of organising and buying healthcare services and we have the clinical intelligence, and we think we can help the PCT learn how to do this,’ she says.

Understanding data and risk

In the West Midlands, 17 PCTs have pumped £3m a year into a commissioning business support agency with a staff of 43, which was launched in April this year. The West Midlands agency aims to use FESC to help it appoint a chief

operating officer from the private sector. The agency’s director Paul Taylor says that the organisation is seeking to recruit someone who has a ‘wider understanding of data identification and risk stratification’.

‘This is the pointy-head, nerdy end of things,’ he says. ‘We take all the hospital activity data, process it, put into a data warehouse, cleanse and validate it then feed it back to PCTs and practice-based commissioners as quickly as possible.’

He says that the agency also needs the specialist help of the private sector to help it provide contract management expertise between the PCT and the acute trusts. ‘We are aiming to let a contract that will provide that kind of management and direction for the agency,’ he says.

Mr Taylor cites companies like Humana and UnitedHealth as possible candidates, saying that the type of work these companies carry out in the US is what the agency would like replicated in the West Midlands where, he says, lies 12 per cent of hospital data in England.

‘We offer a contract management service where we have a network of 20 account managers sitting between the PCT and the trusts trying to manage the contracts between the two. They are trust based and can answer questions from any PCT contracting with that trust,’ he says. It’s a

model taken directly from the best in the private sector.

The agency is also considering taking on a wider role in terms of scenario planning and capacity modelling, based on disease prevalence, which it says would help to free up individual PCTs’ time and enable them to become more effective at commissioning for their population’s health in the longer term.

Devolution support

Further north, North East Lincolnshire PCT – the first PCT to become a ‘care trust plus’ under the new DoH scheme – is also interested in exploring whether to work with a private company under FESC for some of its commissioning functions.

The new organisation aims to focus on the local population and is seeking a step change in tackling health inequalities. It has also taken over the commissioning of adult social care services from the local authority. In September all the community health services and adult social care services came together into a new organisation.

At the same time, public health staff, working under a joint appointed and funded director, moved from PCT control to that of local authority as the council took on responsibility for delivery of health improvements. In turn, the PCT has taken on commissioning adult health and social care on the basis of four ‘commissioning localities’.

Sue Rogerson, the trust’s director of commissioning, explains: ‘The commissioning groups are based on practice-based commissioning clusters and have a community governance model’. She adds that with the creation of the organisation came the opportunity to look at how the trust could devolve its commissioning responsibility to the commissioning groups.

‘We want one of the FESC companies to come in and support us at a middle level between the trust and the commissioning groups and general practices,’ says Ms Rogerson. ‘The challenge for the trust is letting go of that commissioning function while making sure that the groups are fit for purpose’.

The trust hopes that the company it uses will also be able to help analyse data at practice population level in different localities and tailor services that are designed around local health needs. It will also look to appoint a director from the private sector to head up at least one of the commissioning groups. In future, Ms Rogerson says, the trust may also consider using the private sector to help create individual budgets for patients who are receiving direct payments to buy health services.

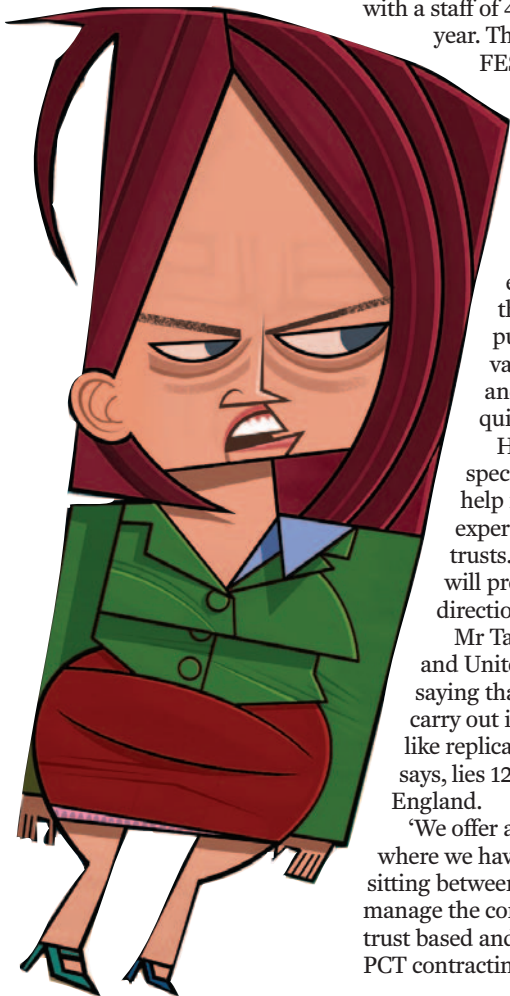
The care trust will present a strategic outline case for use of FESC at a board meeting on 8 November and hopes that, if the case is approved, it can start using a private company by next April.

In Hampshire, the PCT – under the leadership of Gareth Cruddace, the DoH’s former director of the PCT Fitness for Purpose review – is also examining whether to use FESC.

Humana resources

The PCT has already appointed a director of commissioning from the private sector in Roger Hymas, who is on a two-year secondment from Humana, one of the companies within FESC.

‘It is a substantive post and we see it as the most important job in the PCT,’ says Mr Cruddace. ‘It will be Mr Hymas’s job to bring together in one place all the elements of the commissioning cycle. We wanted someone who can add value in this area’.



However, Mr Cruddace is keen to point out that Mr Hymas has not been brought into the PCT under FESC and that he will not be participating in the selection process when the organisation selects a company from FESC.

Mr Cruddace says that, if the organisation decides to use a private company, it will be to help them manage the PCT's job as the specialist services commissioning host for the nine PCTs in NHS South Central. In this role, the PCT commissions 59 specialist services and has numerous contracts with London teaching hospitals and elsewhere around the country.

Mr Cruddace says he wants to explore whether this job could be outsourced to free up the PCT's time to focus on local commissioning. 'In specialist commissioning, we commission things like cardiac surgery services, care for patients with HIV and neonatal intensive care from the London hospitals. The PCTs pool their budgets to do this, but we need to get a better deal,' he says.

Jaki Meekings, director of specialist commissioning for NHS South Central, heads the specialist commissioning group. She says that the group has a 'shortfall' of people who can do the commissioning job on behalf of the PCTs.

Driving force

'We are exploring the possibility that a private sector provider could fill that gap as well as leapfrogging, taking a lead and moving on our thinking in that area to push us forward on world-class commissioning,' she says.

Ms Meekings says that the specialist commissioning group, as part of Hampshire PCT, intends to use FESC to invite a private sector company to help them in FESC areas of contracting and procurement and performance management, settlement and review. 'We need that skill set and edge which we don't have within our team at the moment,' she says.

She hopes that if the work they intend to do with the private sector over the next three years goes well, other specialist commissioning groups across the NHS will look to Hampshire for best practice.

'We want to find out what the independent sector can bring to the table, whether they have got that added value that the NHS cannot bring,' she says. 'We want them to have that background information – which may be from an international perspective – in their toolkits which we can learn from.'

NHS East of England is the only strategic health authority to be part of the first wave of pilot organisations looking to use the FESC. The SHA ended last year £152m in debt and is facing staffing cuts in an attempt to claw back some cash, so it's no surprise the board has decided to look for outside help.

Andy Vowles, SHA deputy director of commissioning and lead on FESC, says he is looking for a company to help validate PCT data sets across the 14 PCTs in the region.

Mr Vowles says that, at a basic level, a private company will be tasked with error spotting in the data collected from acute trusts and then systematically investigating those inaccuracies. 'At a more advanced level, it will be about checking that providers are following different PCT protocols,' he adds. 'It's about bringing in the skills that don't exist in the NHS – the type of insurance model work and intelligence that does exist in the private sector.'

He says the SHA and the PCTs are also exploring whether to draw up one contract for all 14 PCTs with a FESC provider or whether to divide PCTs into contracting clusters. He envisages that the contract will be up and running during 2008.

If the healthcare system the government has created over the past 10 years is to succeed, then PCTs must become strong, robust commissioners. Without such skills, acute trusts will continue to dominate the NHS and the way it is operated. Healthcare and the provision of health services is moving from secondary to primary and community care so there needs to be a much stronger evaluation of local population needs.

Using companies through FESC may provide a way to, as Professor Koh says, quickly inject the skills and expertise needed for the NHS in the 21st century. But, if they are to use the FESC wisely, PCTs must make sure that they have identified why and where that expertise is needed within their organisation – and how that knowledge will be saved and kept within the organisation once the private sector leaves. ●

'We want to find out what the independent sector can bring to the table, whether they have got the added value that the NHS cannot bring'



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