



February 2014 // Gateway Reference Number: 01152

Commissioning for Effective Service Transformation: What we have learnt

This is an interactive document. Look out for the following interactive symbols throughout.

CASE STUDIES



CLICKABLE



VIDEO



What's in the guide?

Who is this guide for?

This guide will help commissioners of health and care services to commission for service transformation. It gathers together our learning about commissioning for service transformation, providing commissioners with information about what has worked well.

It has been produced as part of a suite of products developed by NHS England to support commissioners in the creation of their strategic and operational plans.

The planning guidance, and supporting resources, can be found on the [NHS England website](#).

This guide will also be of interest to:



People providing
health and care
services



Organisations
providing support
to commissioners



Patients and carers



Health and
wellbeing boards

How to use this guide

This guide has been designed to explore some of the evidence and emerging learning on how to achieve service transformation.

We will build upon and share knowledge and learning as the commissioning sector develops. This learning will, in turn, inform future iterations of this guide.

The guide consists of two sections:

01/

The first section describes the seven key themes which have been identified through a combination of evidence scanning and emerging insight from the healthcare system. Recognising the significance of the commissioning process, the key themes of this review have been mapped against the commissioning cycle.

02/

The second section lists six considerations which some commissioners are starting to use when approaching transformation. These are emerging ideas which show how some areas are looking to advance their thinking around commissioning for service transformation.

Foreword

Opening viewpoint: Rosamond Roughton

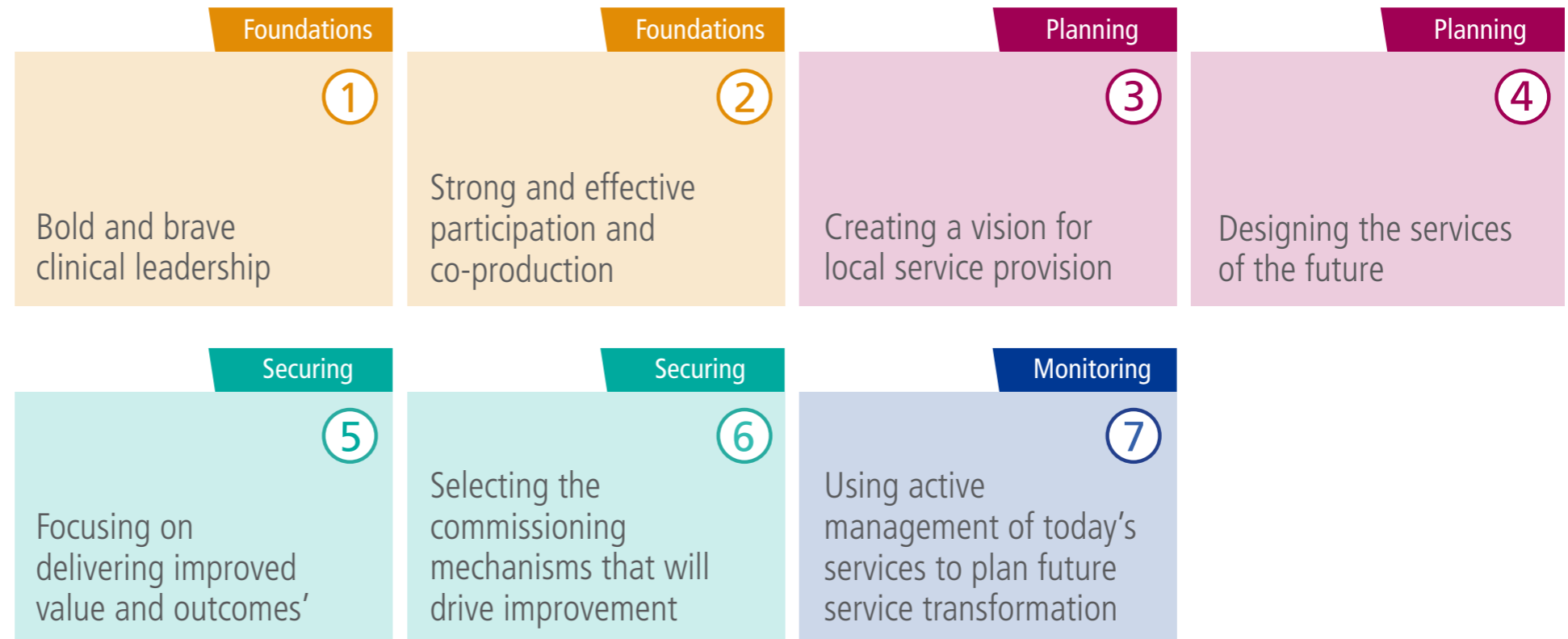
Introduction

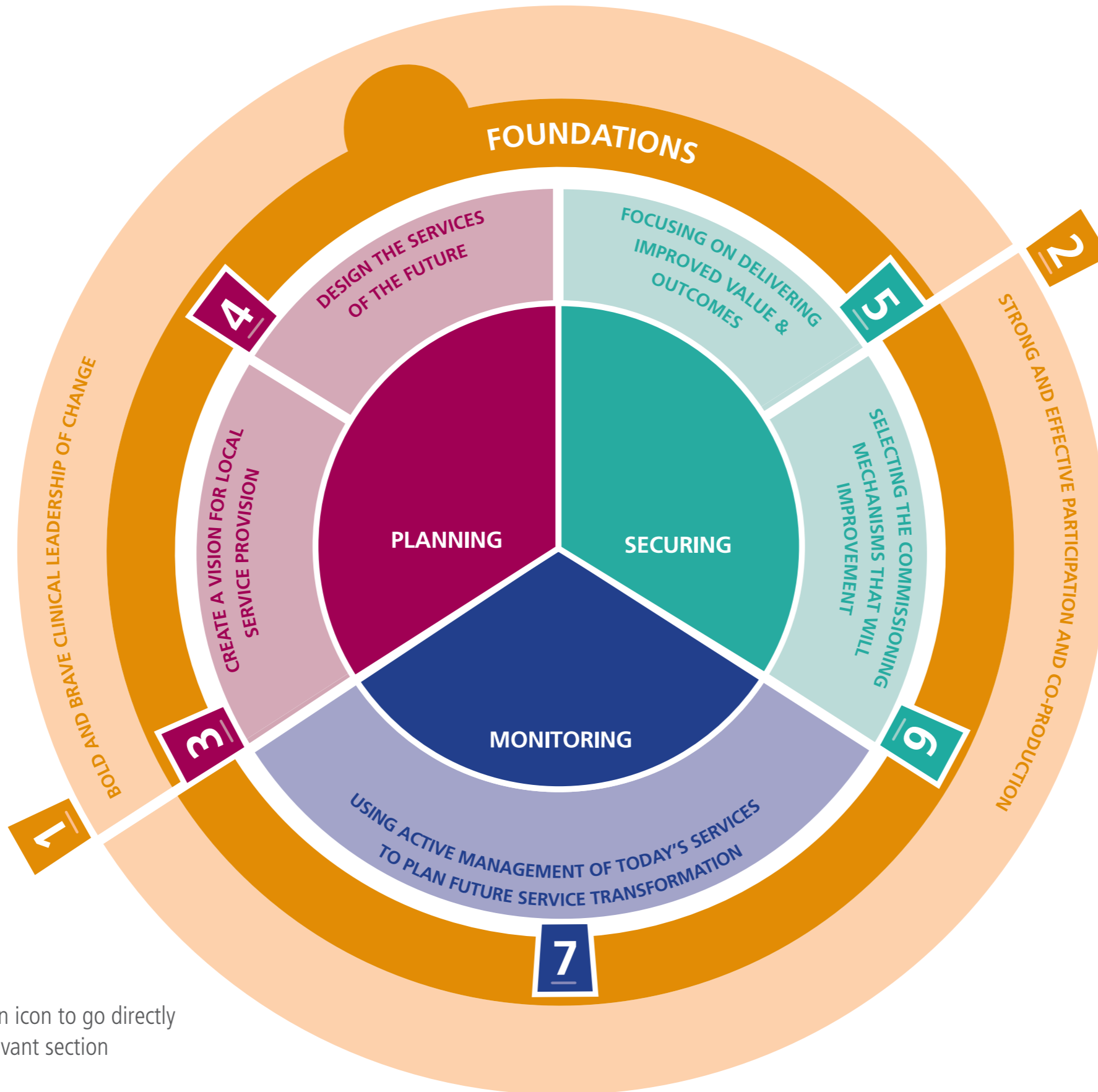
[Call to Action](#) describes how the transformation of health services is essential to ensure a sustainable NHS. Future health services should be designed so that they are based on the needs and wants of the populations they serve, and focus on creating health and wellbeing rather than solely on treating ill health.


The motivation for transformation is clear. However the understanding about how best to effect such change is evolving. This document aims to capture current thinking.

Commissioning is the process by which future health and social care will be developed and, as such, has a significant role to play in service transformation. It involves much more than procuring services and managing transactional issues as they arise. It is the process commissioners use to plan, deliver and monitor services for their local population, based on strong leadership and effective relationships, great outcomes and best value.

Here are our 7 key themes:





 Click on an icon to go directly to the relevant section

Foundations

Strong leadership and effective co-production underpin the whole commissioning process.



In this section you will find the following themes:

Theme 1: Bold and brave clinical leadership

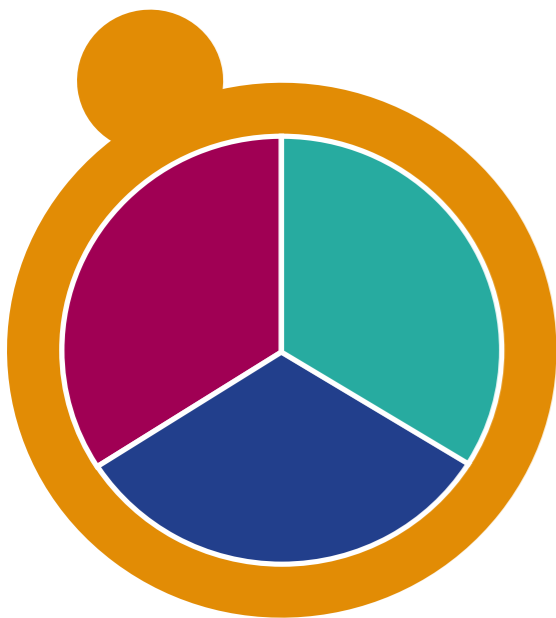
Bold leadership is needed to deliver transformational change

The NHS is being asked to develop commissioning plans at an operational and strategic level. This represents a significant change in the way services are commissioned.

Transformational change is most likely to be achieved through the implementation of medium and long-term commissioning plans. Taking this longer-term perspective is crucial, as commissioners need to develop bold and ambitious strategies for future service delivery, rather than planning on an annual basis.

Emerging evidence suggests that to drive improvements in health-care, courageous leaders will need to take managed risks, create an environment which is open to change, drive plans forward and create the energy and direction to deliver them. Leaders in the new system will also need to have the confidence to encourage innovation within their areas.

Evidence-based transformational change methods are outlined in the NHS Change Model. The Model has been created to support the NHS to adopt a shared approach to leading change and transformation. For more information please see the Change Model website [here](#).



Theme 1: Bold and brave clinical leadership

The importance of clinical leadership

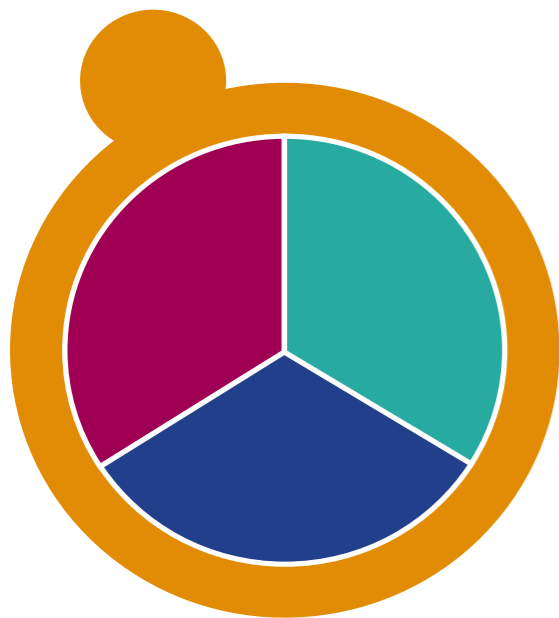
The new health care system has been designed with clinical leadership at its core. This key focus in the new commissioning sector supports the development of clinical practice in ways that improve the quality of care whilst also making the most effective use of resources.

This will be achieved by:

- building on clinical leaders' strengthened knowledge of the needs of individuals and local communities, and the variation in the quality of local services
- an increased capability to lead clinical redesign
- an increased capability to engage other clinicians based on the understanding of clinical capabilities, risk, and evidence of best practice.

NHS England's [Framework of Excellence in Clinical Commissioning](#) aims to set out what excellent practice looks like in CCG clinical commissioning, including clinical leadership.

In their paper *Transforming our health care system: Ten priorities for commissioners* the King's Fund suggest that known approaches to transformational change have not been pursued because the culture and enthusiasm to support working across organisational boundaries have been missing. They suggest that the clinical leadership of the developing sector may help create the culture necessary to transform services.¹



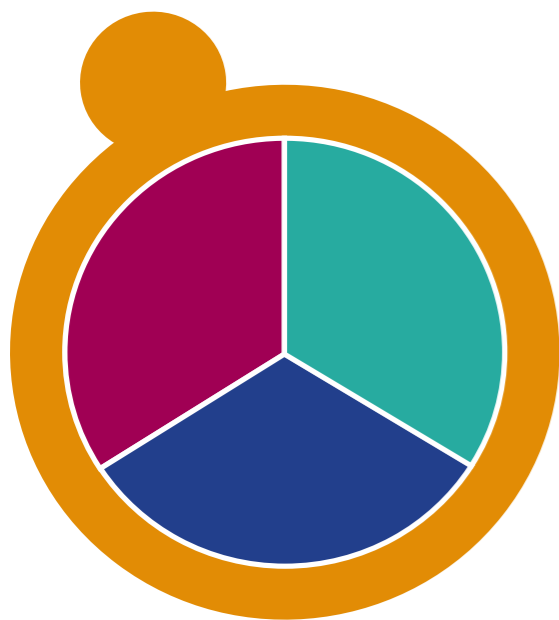
Theme 1: Bold and brave clinical leadership

Establishing and supporting key relationships

We know that to meet current challenges, service delivery will need to change on an unprecedented scale. Delivering care across existing systems will be a key development for the future of service delivery and evidence suggests that a “systems thinking approach” will be required to understand the environment and the complex interactions within it.

Strong leadership will be needed to seek and capitalise on interactions with other parts of the system; to build relationships and partnerships and to choose the right scale of strategies, outcomes and resource needed to achieve improved outcomes for a shared local population.

It will be essential for commissioners to work closely with providers and social care partners as they develop their future commissioning plans. Clinical leadership should be at the forefront of establishing these relationships and supporting them by developing a way of working based on effective governance arrangements. Clarity will be needed around decision-making and accountability.²



This is our ambition for the NHS and the wider care system – not only delivering the key elements in the government’s mandate but also going beyond those ambitions in our national thinking and unleashing the power of local systems to deliver the ambitions of their population. This will not be a task for the NHS alone. Clinical Commissioning Groups (CCGs) as the local leaders of the NHS, supported by Commissioning Support Units, NHS England, and all NHS providers, will need to work closely with all the key partners on the Health and Wellbeing Boards. It will be vital that NHS commissioners work closely with Local Authorities, who have such an important part to play in securing the broader determinants of health as well as delivering high quality social care services, and Healthwatch who will ensure the patient perspective is paramount.³

Everyone counts: planning for patients 2014/15 to 2018/19

Theme 2: Strong and effective participation and co-production

The importance of encouraging participation and partnerships

Central to the commissioning process is ensuring that every part of our health and care system is shaped and improved by the involvement of those who use our services.

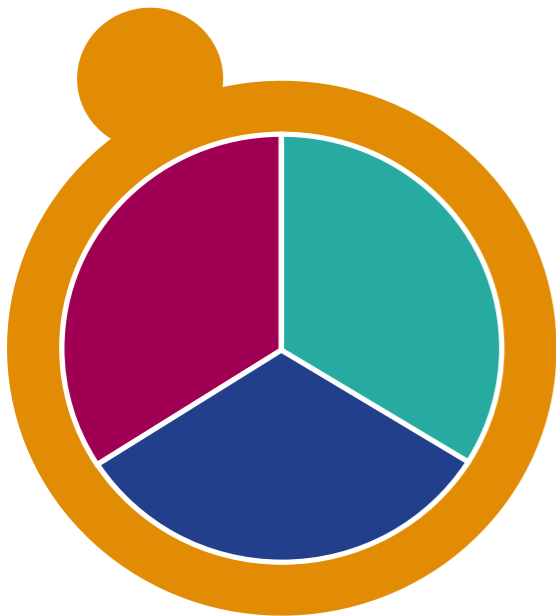
Everyone should be able to contribute their perspective, especially those who face the greatest health disadvantages and poorest outcomes.

By progressing from listening and understanding to collaboration and responsiveness, we all benefit from seeing a clear, detailed picture of what is needed and how we can co-design and deliver services that meet those needs.

This collaborative approach will recognise, work with and strengthen the assets in our communities. Skills, resources and connections across the system can then be harnessed through effective partnerships.

Co-production should allow a relationship between leaders to develop and for all local leaders, whether they be patients, clinicians or managers, to be equal partners in decision-making about local services. Each leader will clearly bring their own expertise to that process, and where their role is well defined they can support the benefits of change to be communicated and can facilitate strong engagement with the local community.⁴

NHS Confederation: Changing Care, Improving Quality



Theme 2: Strong and effective participation and co-production

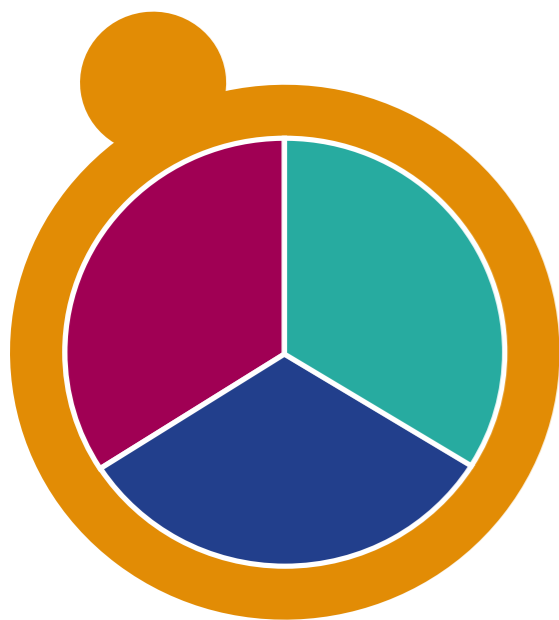
Patient and public participation

Co-production should be the foundation of commissioning for service transformation. To meet the NHS' commitment to placing patients at the centre of care, we need to understand the potential benefits of incorporating patient and public participation in the commissioning process.

Evidence shows that involving patients and the public in the planning, design and delivery of health and social care services can lead to more co-ordinated and efficient services which are more responsive to local community needs, deliver the services people will want in the future, and identify areas for service improvement and transformation.^{5,6,7}

It shows that services are better designed around the needs of patients, service users and carers when they are involved in the process.

Effective patient and public engagement should be viewed as an on-going conversation. These conversations require commitment and resource, but are a key component of commissioning quality services.⁸ Successful transformation will require commissioners and stakeholders to work together in creating a shared view of the future of services.



Theme 2: Strong and effective participation and co-production

'We must put citizen and patient voice absolutely at the heart of every decision we take in purchasing, commissioning and providing services.'

Tim Kelsey, National Director of Patients and Information, NHS England

Engaging the public in the commissioning process

NHS England has developed specific guidance for commissioners on how to incorporate patient and public participation into the commissioning process: [Transforming Participation in Health and Social Care: Guidance for Commissioners](#).

It highlights a range of ways in which NHS commissioners can fulfil their statutory responsibilities and seize the opportunity to deliver personalised and responsive care to all. It includes a wide range of tools, resources and case studies that commissioners will find useful when developing their own responses.

Engage early:

If you identify the need for a major service change programme through working with all local partners including local Healthwatch and other members of the health and wellbeing board. Discuss the need for change with communities and work together to design options. It is good practice that proposals for major service change build upon engagement that has already been undertaken locally on commissioning plans and priorities.

Implementing the outcome:

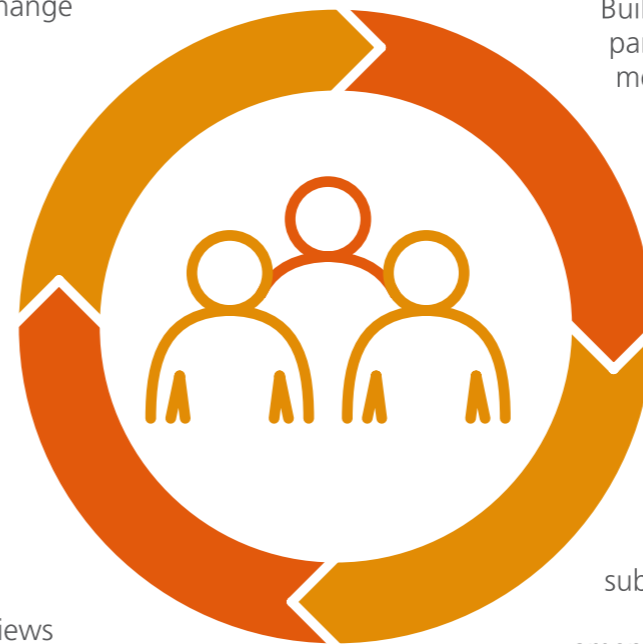
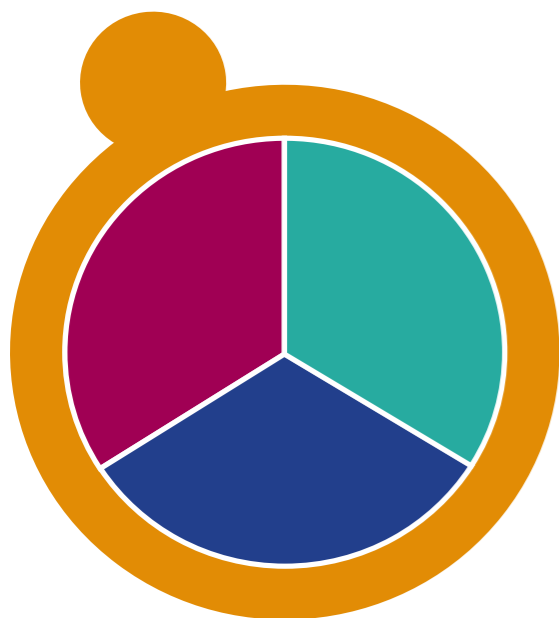
Finalise the proposal and move to implementation or retest revised proposals, taking into account the early engagement, views gained through any consultation, input from the Local Authority Health Scrutiny Committee, and views gained from the communities affected.

Consult:

Build on the insight and early engagement work with partners to develop and implement detailed engagement and consultation plans. Commissioners should ensure they use an appropriate and proportionate spectrum of engagement activity that reaches their communities. There are no additional specific duties for commissioners with respect to consultation with the public around major service change proposals.

Consult the Local Authority Health Scrutiny Committee:

Where commissioners are considering any proposal for a substantial development of the health service in the local authority area, or for a substantial variation in the provision of a service. This is underpinned by S244 of the NHS Act 2006 (as amended), and explained further by the [Local Authority \(Public Health, Health and Wellbeing Boards and Health Scrutiny\) Regulations 2013](#).

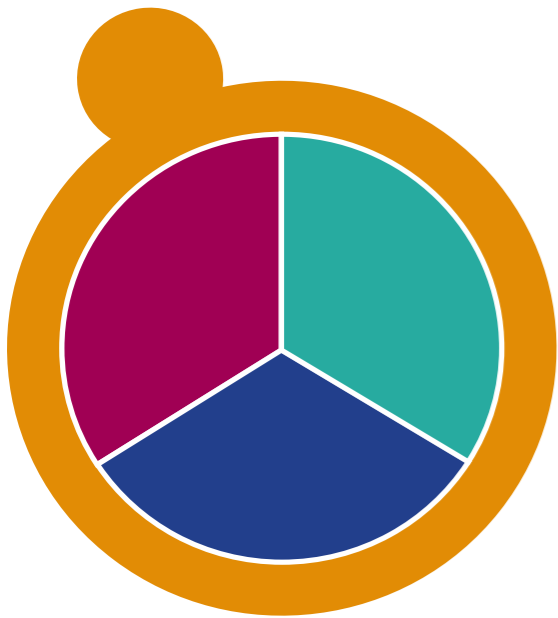


Theme 2: Strong and effective participation and co-production

Working with the voluntary and community sector

Voluntary and community sector (VCS) organisations often work with the most disadvantaged communities – both in geographic terms and communities of interest – and are therefore an excellent route to engagement. Many voluntary and community sector organisations are also providers of health and care services.

Locally, the best source of support for linking with the voluntary sector is often the council for voluntary services (CVS); sometimes called a local development and support agency. These organisations can help commissioners reach large numbers of voluntary and community sector organisations in their area. See [here](#).



Theme 2: Strong and effective participation and co-production

Working with providers to encourage innovation

We have found that commissioners and providers need to have effective relationships to ensure that their improvement efforts are focussed on transforming services and not just improving transactions across existing pathways.

Providers are ideally placed to develop new models of service delivery, or alternative options in care⁹, and can be sanctioned to do this as part of the commissioning for outcomes approach. This may involve new methods of self-care that can avoid or delay traditional treatment, or those which harness the new technologies which will improve integration and self-management.¹⁰

To create an environment which encourages collaboration and innovation, mutual trust will need to be established. Commissioners have suggested that by focusing

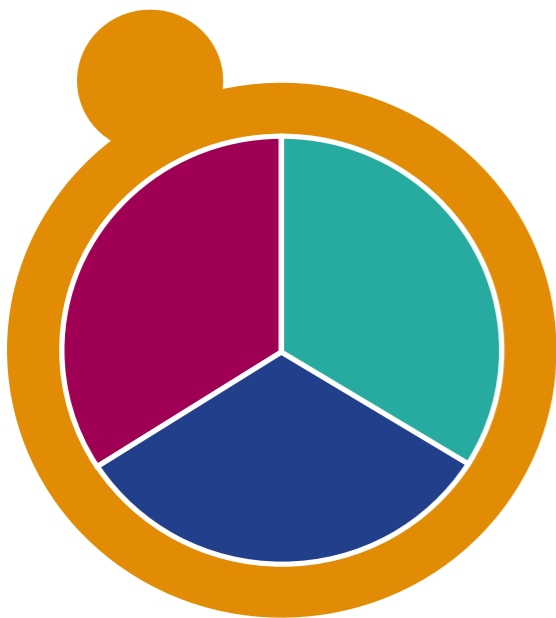
on common problems and agreeing strategies with local providers to address them they will be able to develop a shared view of the future shape of services.

This shared view should be used when identifying levels of ambition in the five year strategic plans identified in the 2014/15 – 2018/19 planning guidance. See [Setting 5-year ambitions for improving outcomes: the commissioners how-to guide](#).

Future models of care are likely to involve more care out of hospital, and commissioners have told us that early collaboration with providers is important as this will impact upon the way they operate. Implications for provider economics and sustainability need to be understood and addressed transparently. To avoid possible destabilisation in the local

health system, commissioners are encouraged to seek early engagement with providers around prospective changes to services, and ensure the human dynamics of change are considered. To support the transition to new models of service delivery, and share costs of solutions and benefits, commissioners may wish to consider the use of risk sharing systems, so that the costs of solutions and benefits can be shared and managed.¹¹

Commissioning Support Units (CSUs) have been created to support Clinical Commissioning Groups (CCGs) to achieve service transformation and help them achieve a sustainable NHS. Examples of the support they provide are emerging, and as the commissioning system develops, we will collate examples of this work.



Planning

Planning services which meet national standards and local ambitions, by combining knowledge of existing service performance, population needs and emerging best practice or new approaches to care delivery.



In this section you will find the following themes:

Theme 3: Create a vision for local service provision

[Everyone Counts: Planning for Patients 2014/15 to 2018/19](#) sets out a bold framework which asks commissioners to work with providers and partners in local government to develop strong, robust and ambitious five year plans which secure the continuity of sustainable high quality care for all.

Commissioners need to identify what services are required to deliver improvements in the prevention, diagnosis and treatment of physical and mental illness in their local population, within the current resources. This vision should be the basis of their strategic commissioning plans.

We have found that commissioners may wish to consider:

①

The wants and needs of these populations

②

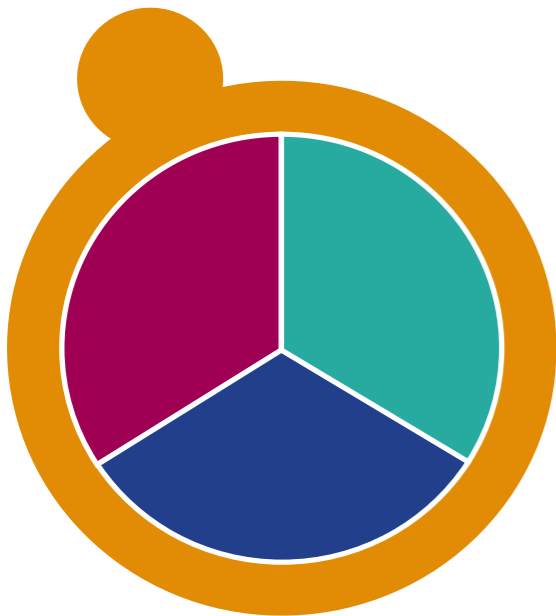
How current services are performing

③

How to segment the local population into meaningful groups

④

What are the opportunities for service transformation



Theme 3: Create a vision for local service provision

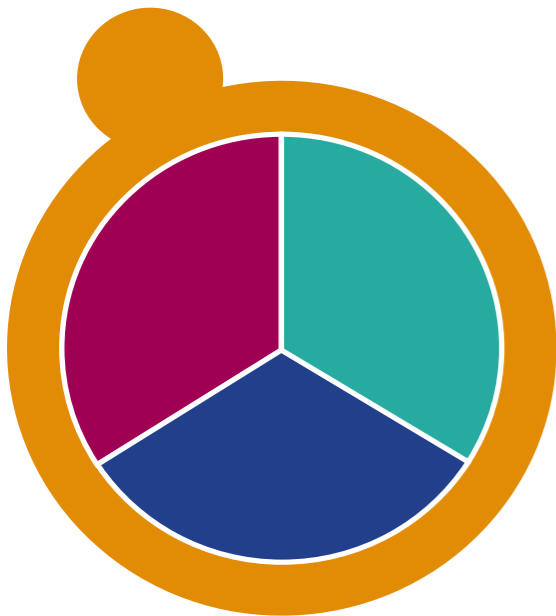
The wants and needs of the whole population

Successful on-going patient and public engagement will result in commissioners having a clear understanding of the types of services the local population want and need, and how these views can be incorporated into plans for future services.

Involving the public in the planning stages contributes to mobilising stakeholders around the vision for future services and creates the case for making changes to existing services if this is required.

Commissioners may have existing groups within their local areas who they can work with to develop a vision of future services. However, to ensure that commissioning plans and service models contribute to reducing health inequalities in their local areas, commissioners need to ensure that engagement includes the wider population, not just those members of the public that are already engaged with the healthcare system.

Working with voluntary and community sector organisations can support this process.



Theme 3: Create a vision for local service provision

How are current services performing?

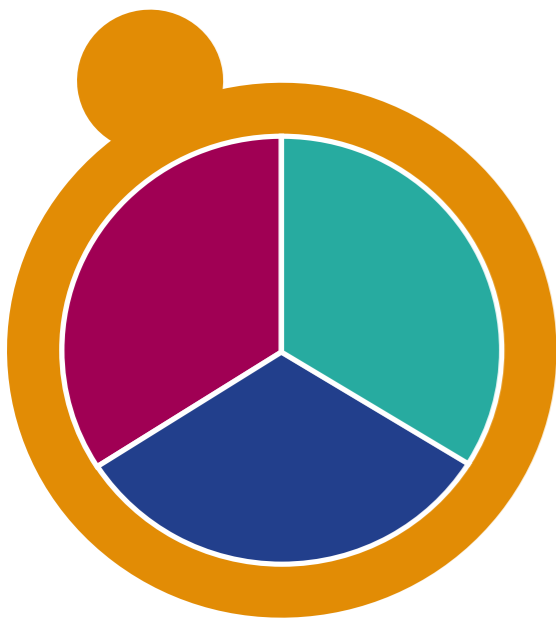
We found that in order to plan future service provision, commissioners will benefit from using all available data to identify top priorities and opportunities for transformation. These will need to generate re-investment savings and improve service quality and outcomes. Looking at total spend will enable commissioners to:

- i. Ensure that they are spending on the right things (allocative efficiency) rather than just overall productivity (technical efficiency)
- ii. Address unwarranted and/or unexplained variations in spending

Using localised information will support discussions about prioritising areas for change and using resources. It will also help local leaders make improvements in healthcare quality, outcomes and efficiency. External benchmarking will complement internal data when analysing services.

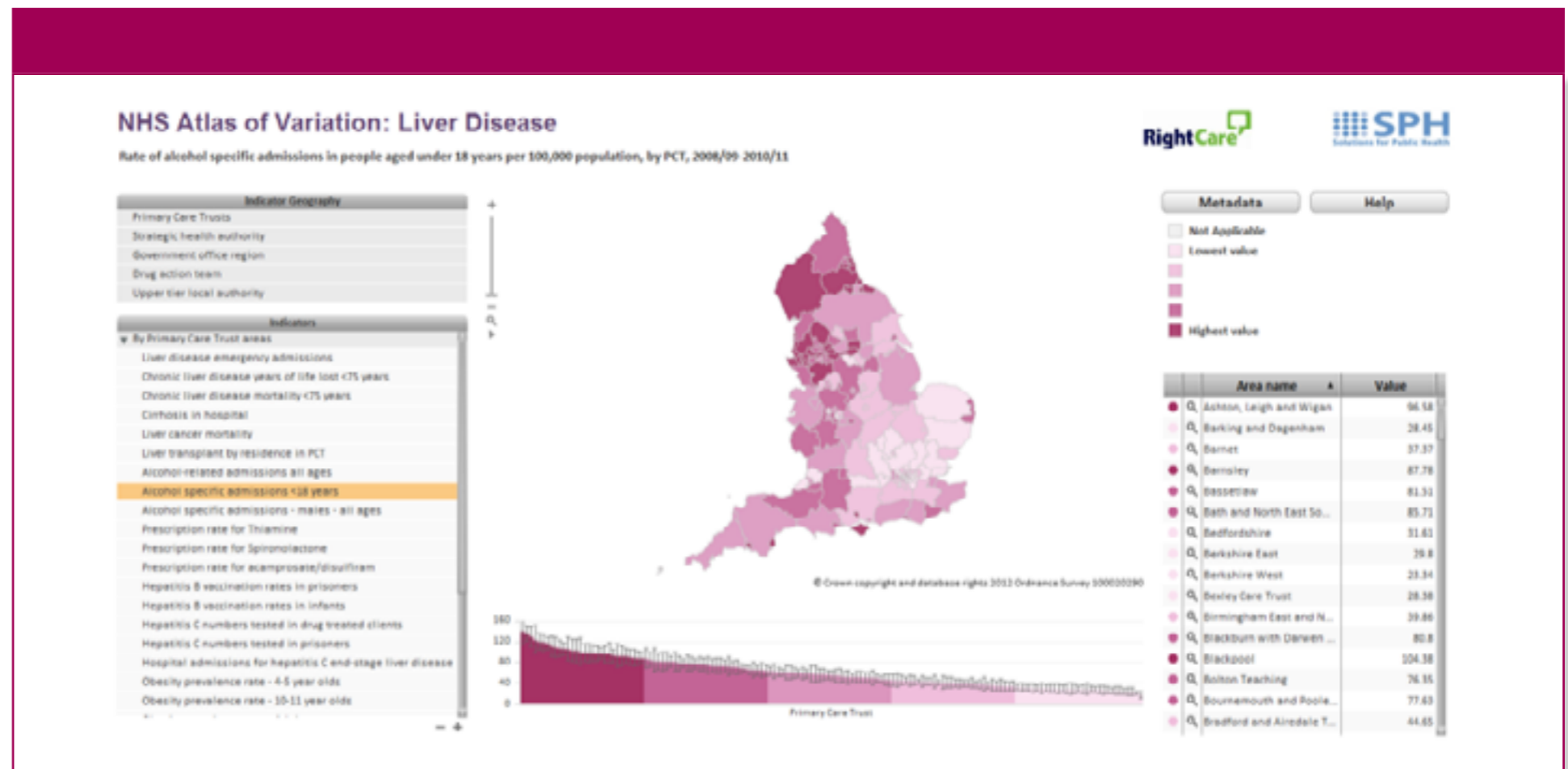
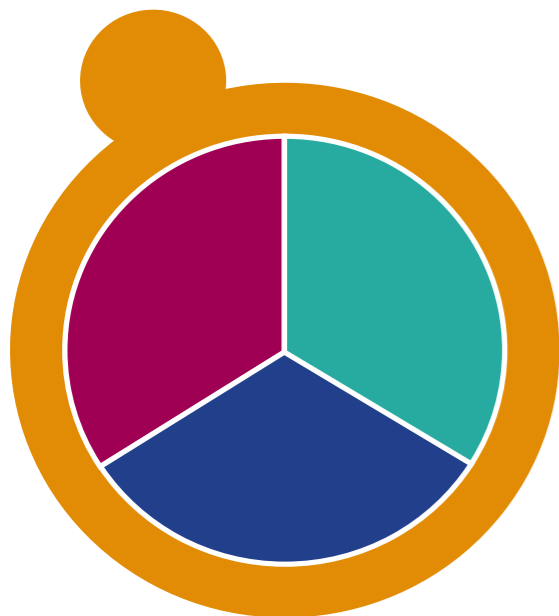
Combining data analysis techniques with effective stakeholder participation approaches such as the STAR (socio-technical allocation of resources) approach can help commissioners determine future service provision in a collaborative and transparent way. This approach involves patients, clinicians and other stakeholders in gauging the relative benefits of intervention.¹²

Commissioners need to be aware of the information governance requirements when using data to commission services, particularly when using risk stratification tools. Further guidance is available on the NHS England website [here](#) and on the HSCIC website [here](#).



Case studies by [Right Care](#) illustrate how data sources can be used effectively. Data sources include:

- >> [Commissioning for Value packs](#)
- >> [CCG outcome tools](#)
- >> [Operational planning atlas](#)
- >> [Level of ambition atlas](#)
- >> [NHS Atlas of Variation](#)
- >> Programme Budgeting Marginal Analysis data
- >> Spend and Outcome data



Theme 3: Create a vision for local service provision

How can we segment the local population into meaningful groups?

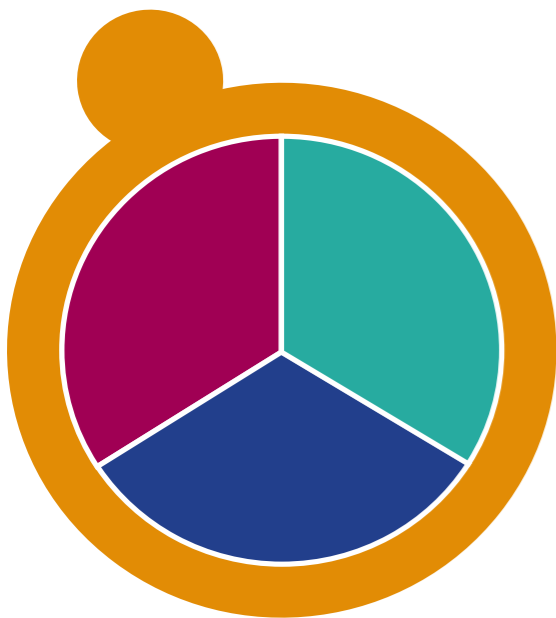
In other industries, services or processes are grouped together into categories, based on related issues, customer needs and supply chain management. These categories are then managed as a single unit to improve efficiency.¹³

Evidence suggests this method can work in healthcare by grouping types of patient care, based on the nature of the problem, care given and the outcomes required. For example, diabetes, rheumatoid arthritis, Parkinson's disease etc. could be grouped together as 'care for chronic conditions' as they share common characteristics such as the need for integrated, pro-active care, the importance of secondary prevention and a focus on lifestyle.¹⁴

Using this approach will encourage services that are arranged around patient needs rather than organisational constructs. It will help commissioners to identify sub groups within their population and consider service requirements across the system, creating the person-centred services patients want and need.

Some CCGs are building upon this approach and are focusing their transformation activities on redefined population groups. Emerging examples include commissioning services for complex groups such as the frail elderly; and integrating cancer recovery patients with end of life care patients, or patients with long term conditions.

This approach can be combined with the use of predictive risk models which are useful tools for analysing population data and identifying those who would gain most from the services and interventions being considered.^{15,16,17,18}



Theme 3: Create a vision for local service provision

What are the opportunities for service transformation?

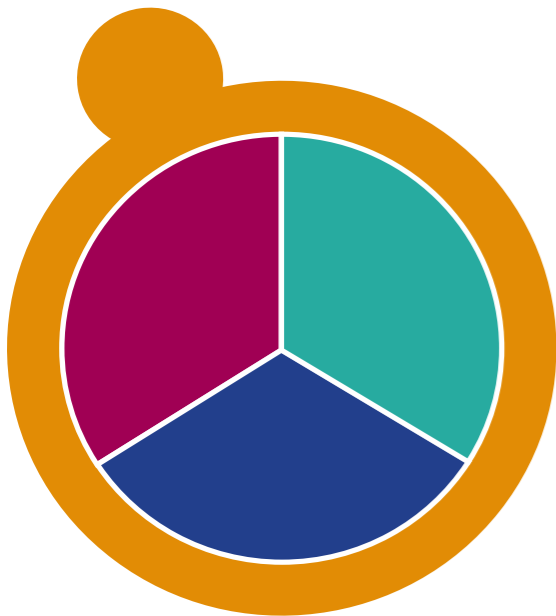
Evidence shows that commissioners are most successful when they consider what the opportunities for service transformation are whilst carrying out assessments of population needs and current service provision. Opportunities may come from:

Horizon scanning

- What high impact interventions are being used in other areas? [Anytown CCG resource](#)
- What new developments are planned within the healthcare industry within the UK, and around the world?
- What developments are taking place in other industries that are transferable to healthcare?
- Are there improvements in technology which can impact upon the way services are delivered?
- Is there any research activity underway in local provider organisations which commissioners can contract and support? [Innovation award site](#)
- What approaches are other commissioners taking to improve their services? [The Learning Environment](#) provides a range of resources designed to support the spread and adoption of learning and innovation.

Collaborative commissioning

Commissioners may also wish to seek opportunities to improve the quality of their local services through collaborative commissioning within their geographical area. NHS England has produced two pieces of guidance which explain how CCGs can collaborate to commission more effective services: [Collaborative commissioning framework](#) and [How to Plan and Deliver Service Change \(pp 20-21\)](#)



Theme 3: Create a vision for local service provision

Using hidden assets

There may be a number of hidden assets within local communities, including community and social assets as well as physical ones.

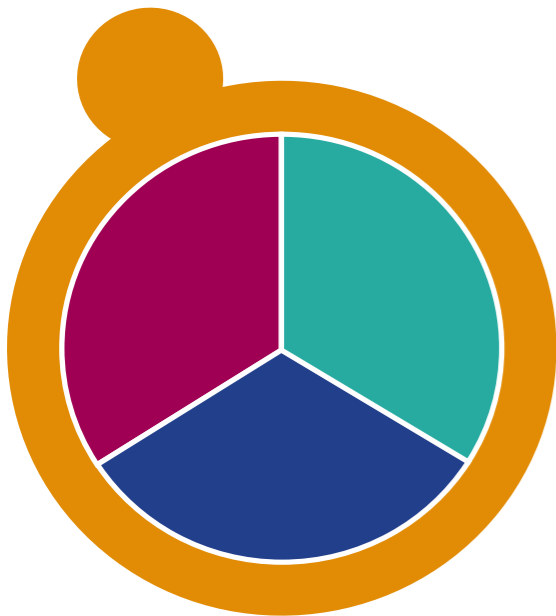
Emerging thinking suggests that commissioners are more likely to identify these by taking a wider systems view to understand where these exist and how they can be optimised to support transformational change.

This may include:

- Actively managing building use to reduce the number of unsuitable buildings, wasted space and underused facilities¹⁹

- Working across organisational boundaries to bring related services together to create co-located sites. These add value to the community e.g. designing community hubs to provide primary care and social services such as housing
- Considering if non-NHS buildings can be used to provide care e.g. using school premises to provide child health services

In their report *NHS Buildings: obstacle or opportunity*, the King's Fund cite the example of how the Warrington PCT and Warrington Borough Council worked together to co-locate services in a community hub, an innovative approach to space utilisation.²⁰



Theme 3: Create a vision for local service provision

Are there any services which should be decommissioned?

An important component of planning for transformation is recognising where services may need to be decommissioned. Commissioning for outcomes will create an environment where less effective approaches to service delivery can be easily identified. Commissioners will need to ensure that resources can be released and redirected to deliver better quality and outcomes, if this is required.²¹

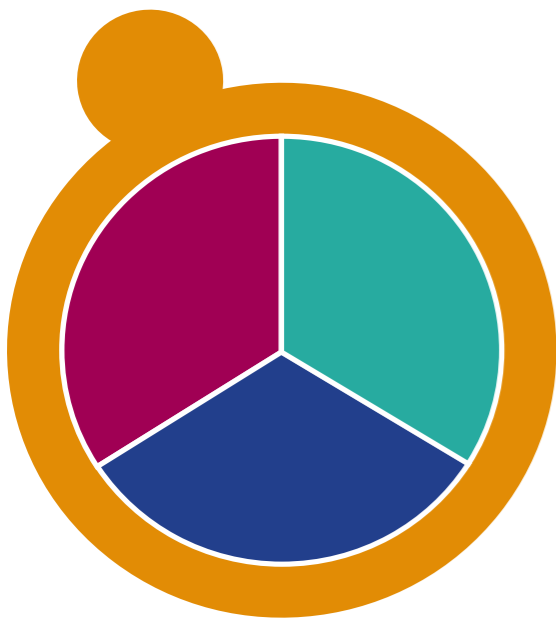
Whether or not a service should be decommissioned requires thorough consideration.

We have found that commissioners need to have a good understanding of how the service is currently operating so they can identify potential opportunities for innovation and improvement. This knowledge can also be used to determine if there is the capacity or expertise in the provider market to respond to the proposed changes²³, and if any action needs to be taken to create an environment that will support the transition to a new service.

The National Audit Office has developed a detailed toolkit to support commissioners through this [process](#). They identified the following principles for successful decommissioning:²⁴

- | | |
|--|----------------------------|
| ① Good communication | ⑥ Focus on value for money |
| ② Understand needs and the provider market | ⑦ Robust risk management |
| ③ Focus on users and the community | ⑧ Understand costs |
| ④ Clear rationale | ⑨ Good governance |
| ⑤ Understand impact | |

In their research summary *Setting Priorities in Health: The Challenge for Clinical Commissioning*, the Nuffield Trust found that decisions about decommissioning services were not always taken at prioritisation stage, where focus tended to be on identifying new services. As a result processes for identifying services which needed decommissioning were not well established.²²



Theme 4: Designing the services of the future

Having established which services are required in their strategic commissioning plans, commissioners will need to consider how they should be designed and delivered. Key areas for consideration are:

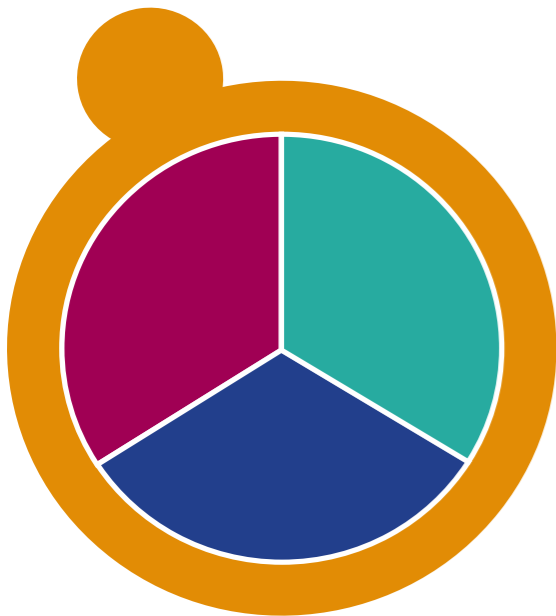
Proactive prevention

Evidence suggests that to create a sustainable NHS the service needs to shift its focus from **treating ill-health** to **improving health through prevention and early intervention**. Whilst it is commonly understood that investing in prevention now should reduce health care costs in the future, only an estimated 4% of healthcare budget is spent on prevention. If commissioners wish to increase levels of prevention services in their commissioning plans, they can consider:

Prevention interventions which have been proven to improve outcomes. Health screenings and smoking cessation are two examples that can have a positive impact. The [Call to Action: Commissioning for Prevention](#) guide provides a framework for helping commissioners move towards a truly preventative health system.

Investing in community resources can also have an impact on improving uptake of prevention services and building community resilience. Approaches such as social prescribing are being developed by some areas to increase the amount of social support in communities and reduce the need for primary care interventions

Using predictive risk models to analyse segmented population data and identify those patients who are at risk of a particular event^{25,26,27,28}. Emerging insight from commissioners is that when they take this approach, they can tailor interventions to the risk levels within their local areas based on who would gain most from the earlier intervention services being considered for commissioning.



Theme 4: Designing the services of the future

Having established which services are required in their strategic commissioning plans, commissioners will need to consider how they should be designed and delivered. Key areas for consideration are:

Patient-centred care

The core purpose of the NHS is improving outcomes for patients. Commissioners need to reshape services to put patients at the centre of care. Evidence shows that patient centred care is likely to be more effective as it recognises that services are better when delivered **with** patients rather than **to** patients²⁹.

Emerging thinking suggests that the effectiveness of a service should be judged on a range of factors, including the impact it has on a patient, their symptoms and their ability to live the way they want to live.

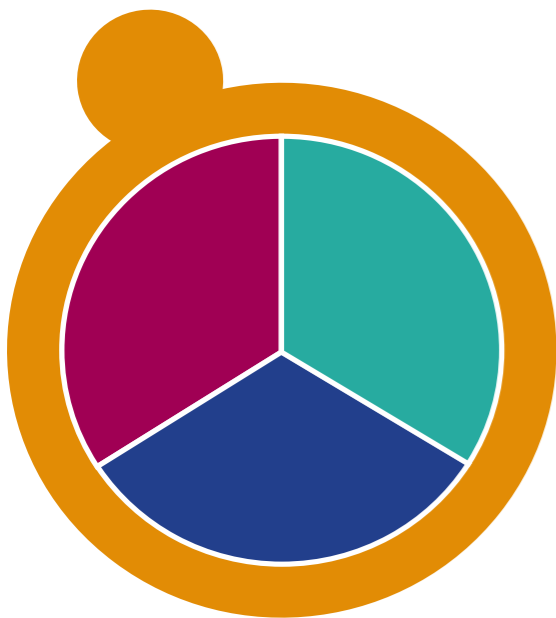
Based on this premise, commissioners may create greater value from their services by considering how to incorporate the concept of individual responsibility and lifestyle choices into care delivery, as these are as important to the success of the system as the quality or quantity of care provided³⁰.

Improved self-management

Better self- management of conditions will mean fewer hospital visits and lower costs overall. The evidence shows that there are a number of approaches that can be taken to achieve this aim:

- Patients providing much more of their own care, facilitated by technology and supported by a range of clinicians, dieticians, pharmacists and lifestyle coaches^{31,32}.
- Patient education
- Peer support (e.g. expert patients)
- Personal health budgets
- Individual care plans

Patients can be, and should be, active participants in their own health and care; and commissioners have a duty to ensure this happens³³.

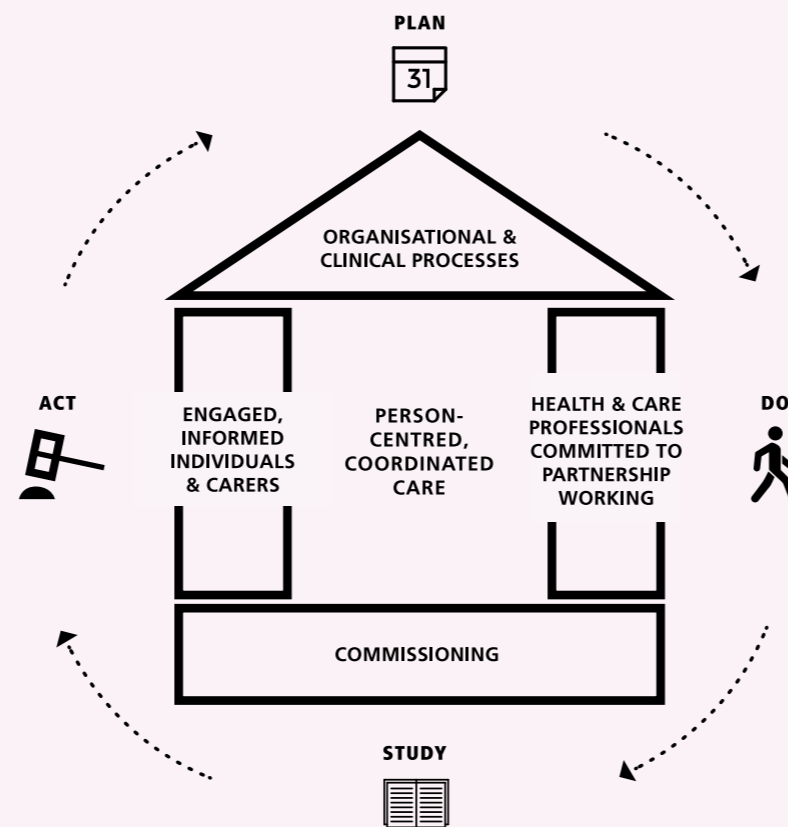


Theme 4: Designing the services of the future

Having established which services are required in their strategic commissioning plans, commissioners will need to consider how they should be designed and delivered. Key areas for consideration are:

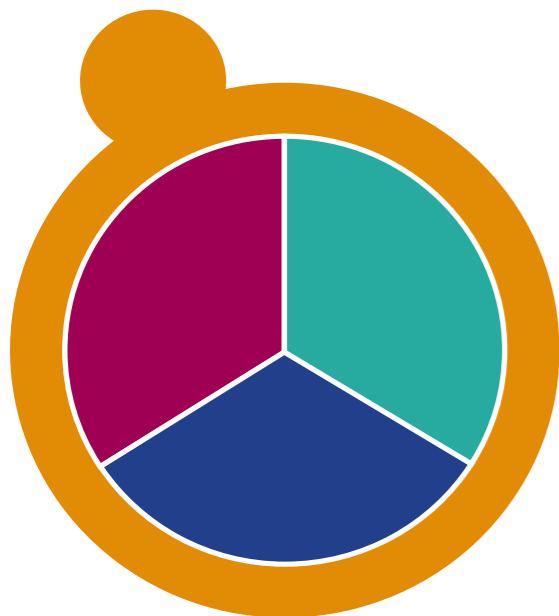
The House of Care

'The House of Care' is an example of how commissioners can achieve a proactive, patient-centred approach at a system level. The construct creates space for the person-centred coordinated care which is what patients want, and shows how the key service design features link together to support this approach.



Think Family is now a familiar model in children's and adult services – building a team around the whole family, with fewer professionals. The smaller team allows staff to understand the systemic problems facing family members, establish relationships and improve outcomes as a team of professionals. A local example has now shown a return on investment of £2.10 for every £1 invested in the Think Family model – just considering savings from the first year of delivery³⁴.

Outcomes & Efficiencies Leadership Handbook



Theme 4: Designing the services of the future

Having established which services are required in their strategic commissioning plans, commissioners will need to consider how they should be designed and delivered. Key areas for consideration are:

Designing integrated services

The National Voices Narrative shows that patients and the public want a transformed service which is integrated, thereby avoiding fragmentation and duplication. Better value can be achieved by improving, or removing, the interfaces between traditional care boundaries³⁶.

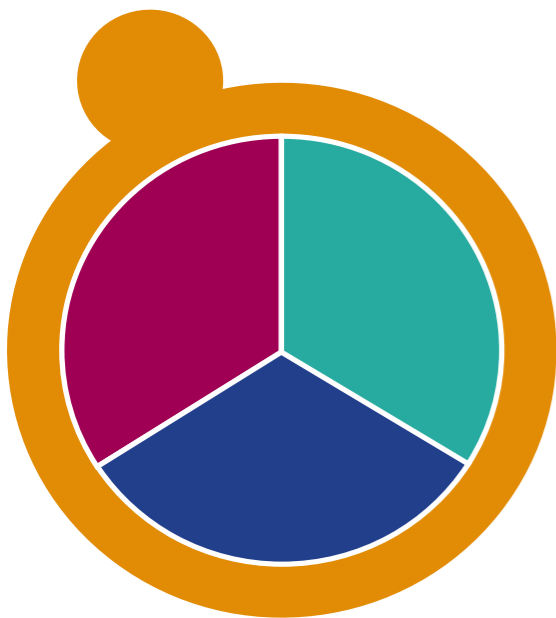
The creation of the Better Care Fund (previously known as the Integrated Care Fund) has created an environment where commissioners are challenged to find new service delivery models which achieve this ambition and effectively unite health and social care.

This is also an opportunity to consider how improved integration between primary and secondary care, and mental and physical health care, can achieve health improvements, reduce health inequalities and achieve parity

between mental and physical health services.

Existing research shows that integration works best and is most needed when it focuses on a specifiable group of people with complex needs³⁷ (for example frail older people and people with multiple long-term conditions including mental health)³⁸ as these groups experience the most transitions in their care. Commissioners can consider which groups within their local population would most benefit from an integrated approach to service delivery and target their interventions accordingly.

I can plan my care with people who work together to understand me and my carer(s), allowing me control and bringing together services to achieve the outcomes important to me³⁵



Theme 4: Designing the services of the future

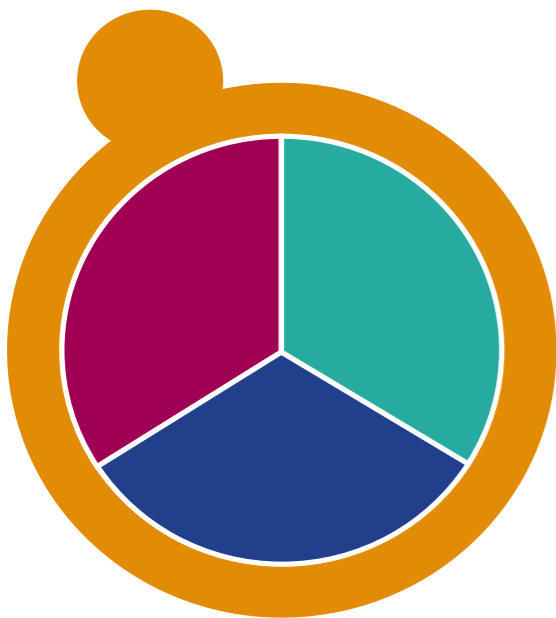
Having established which services are required in their strategic commissioning plans, commissioners will need to consider how they should be designed and delivered. Key areas for consideration are:

New service provision

We have found that when planning future services, commissioners may wish to consider where that care is best delivered. Patient care needs and advances in treatment mean that care can be delivered effectively and efficiently in new service models. For example, evidence indicates that care delivered closer to home can benefit certain populations, and can make savings. For example; the provision of end of life care.³⁹

Initiatives such as virtual wards, tele-health and acute providers delivering care in community in-reach clinics are being used as alternatives to hospital based care. This has positive feedback from patients. However, to generate savings, commissioners should ensure that plans are in place to release capacity from the old care setting.

When determining where services should be provided, commissioners need to consider the whole value of that service. In addition to judging value by quality and impact, commissioners can also consider how the improvement from the form of care commissioned compares with other forms such as care outside the hospital by primary care⁴⁰, other specialists or even other providers such as voluntary organisations.



Theme 4: Designing the services of the future

Having established which services are required in their strategic commissioning plans, commissioners will need to consider how they should be designed and delivered. Key areas for consideration are:

Piloting new approaches

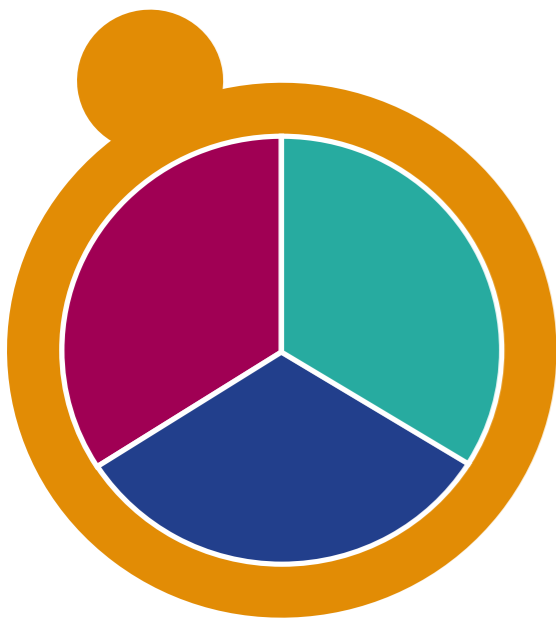
Where possible, commissioners should seek out examples of interventions and services that have been shown to improve quality and which have the potential to realise cash savings⁴¹. However, if commissioners are seeking to develop truly innovative services, there may not be a pre-existing evidence base for the change they are considering.

To challenge the status quo, and build the case for a new model of delivery, we will need to encourage a culture which supports new ways of working. This should seek a balance between testing the new model of service, and avoiding financial and/or clinical risk. Active participation from stakeholders in the commissioning process will help avoid this.

Pilot schemes, combined with a robust evaluation process, can enable commissioners to test new models of care and minimise risks.

A number of reports show how pilot pathways can allow data to be effectively collected, collated and synthesised; detailed costing to be drawn up, and a new care pathway agreed among a relatively small group of professionals, carers and patients. This can then be tested prior to being spread across the wider system^{42.43.44}.

Having clear definitions and outcomes, and using qualitative and quantitative data, will enable commissioners to predict and assess performance at key points and to determine if the change has been successful. We have found that clearly expressed details of planned outcomes and how they will be achieved are essential when presenting the business case for any service transformation.



Theme 4: Designing the services of the future

Having established which services are required in their strategic commissioning plans, commissioners will need to consider how they should be designed and delivered. Key areas for consideration are:

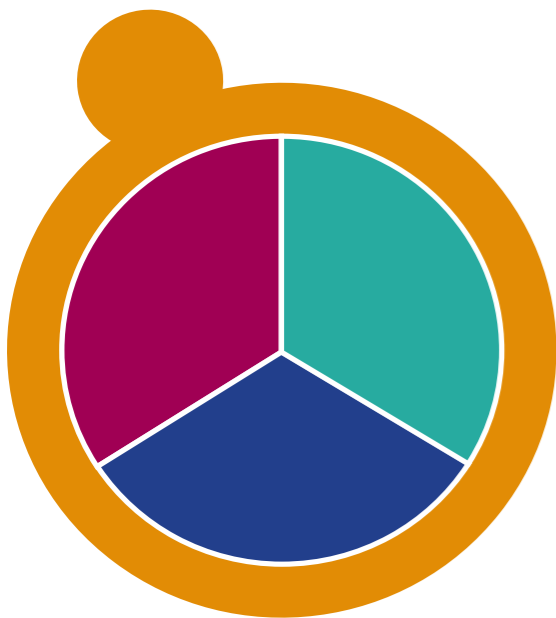
Challenging existing mental models / paradigms is key to developing innovative approaches to service delivery.

In a recent Harvard Business Review article, Ramdas et al. explore how value can be created in health care by redesigning service delivery under 4 main dimensions. In one of these dimensions, the structure of the interaction, the authors explain how one provider has increased value by providing shared appointments for cardiology patients with an established diagnosis, rather than in the traditional one to one format. Patients are given the option of attending the group session, which sees a single clinician hold a 90 minute session with 10 – 12 patients.

Value has been added by supporting patients to learn to manage their condition with advice from their peers as well as from their doctor, but also enabling the doctor to see more patients within the allotted period of time.

This initiative has been achieved by challenging the assumption that all patient and clinician interactions need to take place on a one to one basis and the extent to which a group of patients were willing to share information about the treatment of their conditions. It raises the question - which features of service delivery do we assume are sacrosanct but might not be in a different setting?

Ramdas K., Teisberg E., & Tucker, A., '4 Ways to Reinvent Service Delivery', Harvard Business Review, December 2012, pp98-106



Securing

Securing the services identified in the commissioning plan, using the most appropriate combination of contracting mechanisms that will deliver the best quality and outcomes with the resources available.



In this section you will find the following themes:

Theme 5: Focusing on delivering improved value and outcomes

Improving outcomes

Commissioners have told us that specifying the planned outcomes for a service is a key activity when commissioning for service transformation.

Throughout the securing component of the commissioning process, commissioners need to consider how they will demonstrate the impact of their service transformation on their patients.

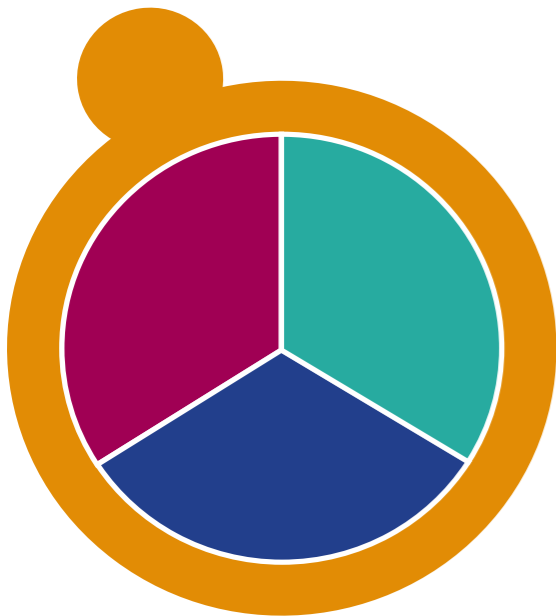
We have found that to do this, commissioners are exploring how to clearly identify desired service outcomes in their service specifications, and are considering what measures should be used to demonstrate the predicted improvements.

Their aim is to develop services specifications that focus on paying for services which produce improved outcomes for patients, rather than reimbursing providers for activity.⁴⁵

Commissioning for outcomes is a cultural shift for the service, and will require commissioners to be able to clearly define what good outcomes look like, and create a system which can achieve them⁴⁶. This might involve allowing providers to determine the best service delivery models to meet the outcomes and cost envelope specified by the commissioner.

An outcomes-based approach means focusing less on what is done for patients, and more on the results of what is done. It means focusing on how well patients feel after treatment and helping them to stay well, whether suffering from physical or mental ill-health.³

[NHS England planning guidance 2014/15-2018/19](#)



Theme 5: Focusing on delivering improved value and outcomes

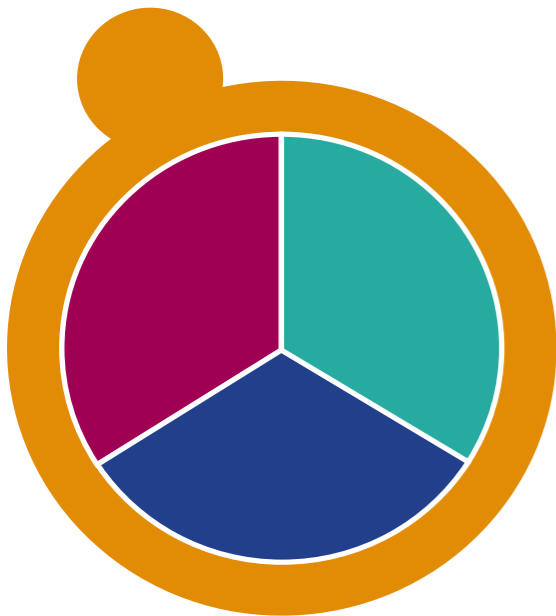
Developing outcomes

Effective engagement in the planning stages of the commissioning process will support the development of clear service outcomes, as will consideration of best practice standards and governance requirements.

NHS England has produced a guide [Setting 5-year ambitions for improving outcomes: A how-to guide for commissioners](#) which provides information on how commissioners can develop outcomes. Additional tools which may support this process include:

- [CCG outcomes indicator set](#)
- Quality standards and guidelines from national bodies such as NICE
- Governance requirements
- [CQUIN \(Commissioning for Quality and Innovation\) guidance on developing local indicators](#)

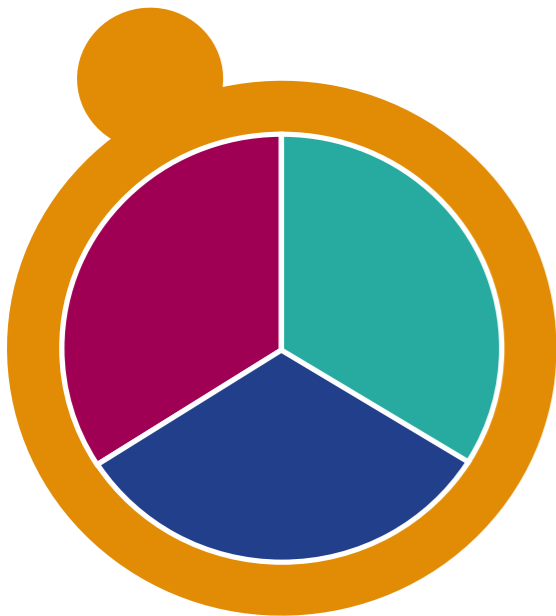
In their research into commissioning high-quality care for people with long-term conditions, the Nuffield Trust found the most striking finding was the lack of clarity about anticipated outcomes from commissioning activity, and hence the difficulty for primary care trusts (and researchers) to judge how far commissioning intentions had been realised⁴⁷.



Theme 6: Selecting the commissioning mechanisms that will drive improvement

Significant change should be achieved from moving away from simply making incremental improvements through the annual contracting cycle to utilising a mixture of mechanisms that unlock value from the wider ranges of resources. These include personal health budgets, pooled budgets, market management, influence, network and partnership building. Key to this is moving from contracting for activity to commissioning for outcomes and value.

We have found that to achieve service transformation, commissioners need to consider the best approach to secure the required services. This means selecting the most appropriate package of commissioning mechanisms, which are appropriate and proportionate to the service being commissioned. In addition, they will need to understand the balance between the need for collaboration, and the need for competition, within their local market.



Theme 6: Selecting the commissioning mechanisms that will drive improvement

Selecting the most appropriate contract duration

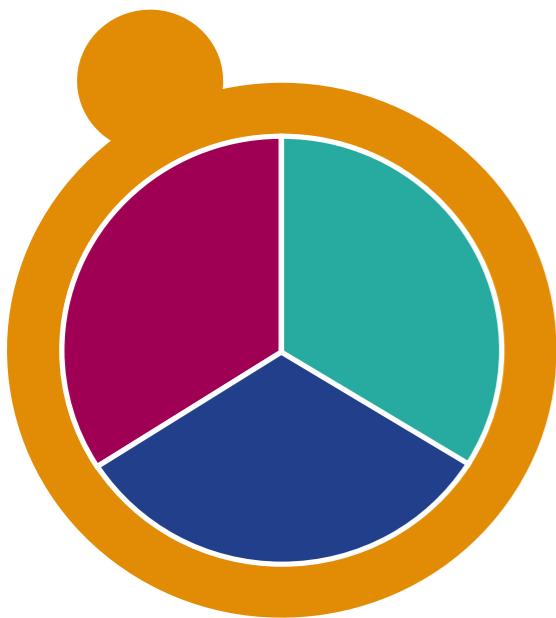
The NHS Standard Contract for 2014/15 onwards will allow commissioners greater flexibility to choose the duration of their contracts, rather than the current one year default duration.

Longer-term contracts can be an important tool for commissioners in transforming services and delivering significant, lasting improvements in service quality and outcomes. A longer-term contract allows time for providers to plan and deliver substantial service reconfiguration, for example. Where significant up-front capital investment is needed, a longer-term contract allows the provider to recoup this over the full duration of the contract.

In both cases, offering contracts with a longer term - especially where this is combined with more innovative approaches to risk-sharing - has the potential to attract a wider range of providers (including consortia), thus strengthening the pool of bidders from which the commissioner can select its preferred provider.

Equally, there will, of course, be situations where contracts with a shorter term may be appropriate, for example where the commissioning requirement is for a short-term or pilot service or where the service or supplier landscape is changing rapidly.

The [Contract Technical Guidance for 2014/15](#) sets out detailed guidance on this issue.



Theme 6: Selecting the commissioning mechanisms that will drive improvement

Using flexibility within National Tariff rules

Commissioners need to operate within the tariff rules. The 2014/15 National Tariff Payment System allows commissioners and providers increased flexibility to vary, by local agreement, the applicability of national prices which are otherwise mandatory. Commissioners and providers must apply three principles throughout the process of agreeing a local variation approach:

①

Local variations must be in the best interests of patients. They must maintain the quality of health care now and in the future, support innovation where appropriate, make care more cost effective and allocate risk effectively.

②

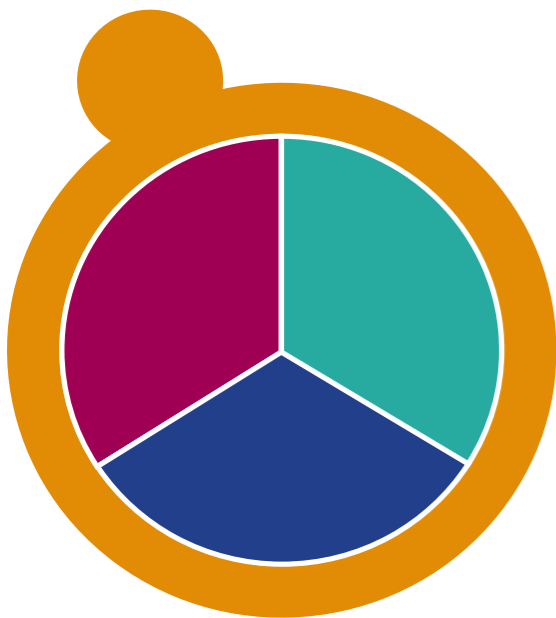
Local variations must promote transparency and accountability. They should make commissioners and providers accountable to each other and to patients, and facilitate the sharing of best practice.

③

Providers and commissioners must engage constructively with each other when trying to reach local variations. This should involve agreeing a framework for negotiations, sharing relevant information, engaging clinicians and other stakeholders where appropriate, and agreeing appropriate objectives. Local variations must be agreed by commissioners and providers and must be published.

Further detail is available in the [2014/15 National Tariff Payment System](#) guidance, and the [locally determined prices](#) guidance.

It does not follow, however, that where a commissioner is seeking significant service transformation (e.g. for frail older people with multiple complex problems) a tariff based approach is necessarily the best way to secure this. Commissioners may wish to consider 'capitation' population based contracting (often known as Outcome-Based Commissioning or 'OBC'), where payment is explicitly linked to outcomes for a given population – see the following page.



Theme 6: Selecting the commissioning mechanisms that will drive improvement

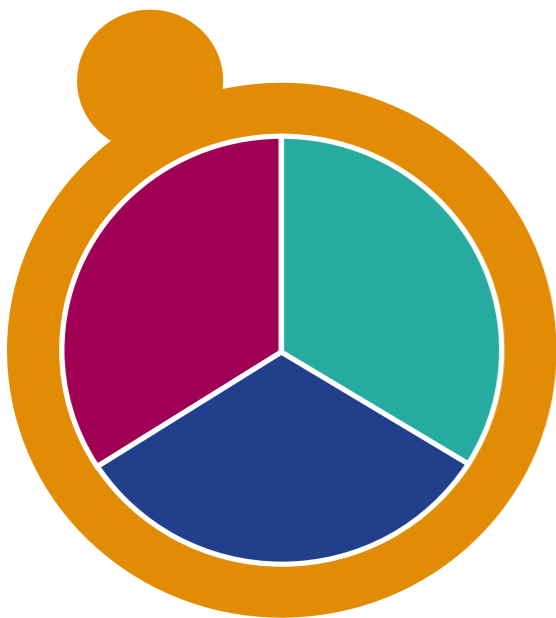
Linking payment to outcomes

Some areas are considering how existing payment models can be adapted to increase the focus on improving outcomes so that payment incentivises improved recovery, as well as paying for the initial treatment. Evidence indicates that care pathways deliver more efficient care⁴⁸ and that commissioners could consider looking to bundle tariff payments across a care pathway, or greater period of patient care, to achieve this and improve outcomes⁴⁹. Two approaches are currently being explored:

Payment across a year of care is an approach which links a programme of care to a fixed tariff or budget (adjusted for relevant parameters) and to appropriate outcomes. The year of care model recognises that some service users, such as those with long-term conditions, may have a number of contacts with a range of health services, and that this approach incentivises providers to provide services which improve outcomes for specified groups of patients^{50,51}.

Payments for an episode of care, such as electives, are being extended in some areas to include recovery and/or reablement. This approach promotes the need to improve quality in services to achieve improved outcomes for patients^{52,53}.

Approaches such as explicitly linking payments to outcomes, or limiting part of the contract value to the delivery of outcomes^{54,55} can be successful in achieving a focus on delivering outcomes. Commissioners should consider how to link incentives to desired outcomes, including when to use financial incentives as opposed to other equally powerful incentives such as public benchmarking of performance. Where commissioners wish to move to an outcome-based payment model for services covered by national prices, they are likely to need to agree a local variation in order to do so, using the new flexibilities in the 2014/15 National Tariff Payment System.



Theme 6: Selecting the commissioning mechanisms that will drive improvement

New models for contracting

Innovative contracting models are emerging. Here are some models which are currently being explored:

Lead Provider/Prime Contractor model. This is an arrangement where commissioners issue a contract for a care pathway, or a defined population (e.g. frail older people) to a single lead provider (which could be a consortium), and that lead provider is then responsible for either providing, or subcontracting, the care specified.

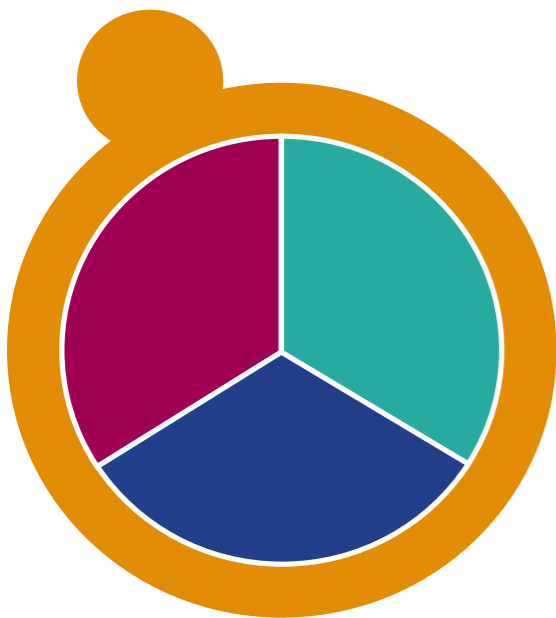
It is suggested that this approach to contracting is best suited to the complexity required to integrate care as it enables commissioners to bring together multiple providers of care into a single pathway⁵⁶.

Integrated pathway hub (IPH). This vehicle allows commissioners to enter into separate contracts with a number of providers, all of whom contribute towards the delivery of an integrated service. Risks and rewards are allocated between the commissioner and the provider under each contract.

One of the providers, the IPH provider, assumes responsibility for the co-ordination and management of the integrated service and is appropriately compensated for this integration and management function.

Alliance contracting is an approach used in healthcare in New Zealand. It involves commissioners issuing a single contract with a number of providers who share a common performance framework with collective measures.

In this approach there is collective accountability for services delivered, with providers judged on performance as a whole rather than as individual components, thereby incentivising cooperation to achieve successful delivery of services⁵⁷. Some areas, including some of the Better Care Fund pioneers, are starting to explore if alliance contracting can be used.



Theme 6: Selecting the commissioning mechanisms that will drive improvement

The NHS Standard Contract and new contracting models

Both the prime provider and the IPH models can be used with the NHS Standard Contract, as the provisions in the contract around sub-contracting for 2014/15 have been specifically strengthened so that they better support these models.

Some forms of alliance contracting are not currently compatible with the NHS Standard Contract, specifically where multiple providers are signatories to a single commissioning contract. However the key characteristics of alliance contracting can be accommodated in a structure involving one or more NHS Standard Contracts.

Any commissioners who are keen to discuss an alliance contracting approach are encouraged to contact the NHS Standard Contract Team on nhs.cb.contractshelp@nhs.net

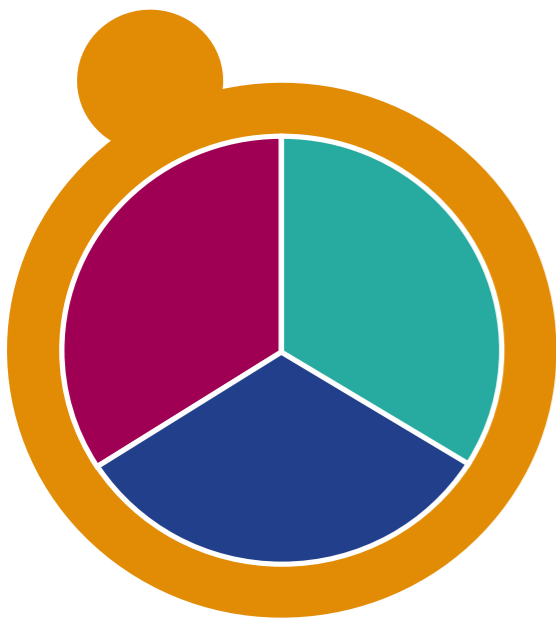
Selecting the most appropriate procurement method

Some commissioners are telling us that the choice of procurement method can have an impact on the effectiveness of commissioning for service transformation.

Using competitive dialogue processes as part of contracting can be a helpful way for commissioners to explore how the redesigned service can be delivered and measured⁵⁸. It can also generate more provider choice through an increased number of bids.

However, it should be noted that this approach will involve significant amounts of time from providers to participate in service developments⁵⁹.

The costs of specifying, tendering and contracting for new services may be considered as prohibitive, yet can be worthwhile when used proportionately and when the associated costs are budgeted and justified from the outset. This approach is most beneficial when a substantial change in service specification or a change in service location is required⁶⁰.



Monitoring

Monitoring, assessing and, where necessary, challenging the quality of services; and using this intelligence to design and plan to systematically improve services for the future.



Theme 7: Using active management of today's services to plan future transformation

The importance of evaluation

Improving quality for patients within existing resource should be the ultimate aim of any service transformation.

Commissioners, supported by their contracting team, need to make sure that robust evaluation systems are in place to assess if the services they have commissioned deliver the expected outcomes and quality.

To achieve this they can use a range of data sources, both qualitative and quantitative.

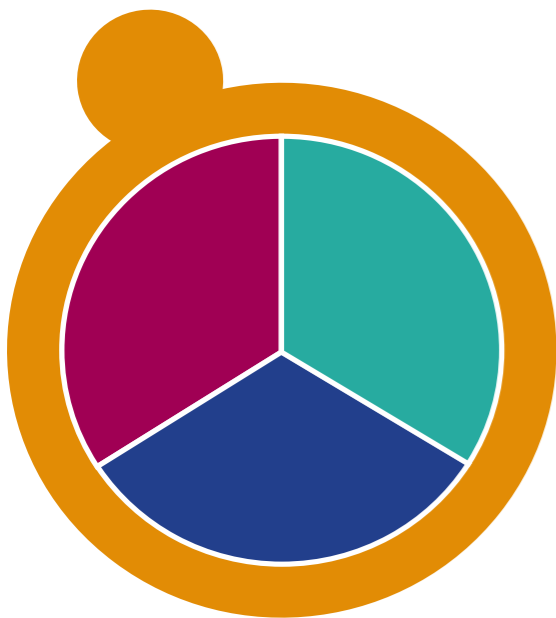
Sources currently being used by commissioners include:

- Patient feedback on their experience of care, including their involvement in decision making
- Complaints, compliments and incident reporting
- 'Walking the Service' - visiting local sites to see the service being delivered
- Review meetings with providers
- Participation in Quality Surveillance Group meetings
- Performance statistics

Commissioning is a cyclical process

Commissioning is not a linear process, but a cyclical one.

Evaluation should occur throughout the duration of the contract and should contribute to service reviews which identify further opportunities for improvement. Not only will this determine if the service under review has been successful in delivering its outcomes, it will also enable learning for delivering that new service to be considered in future developments.



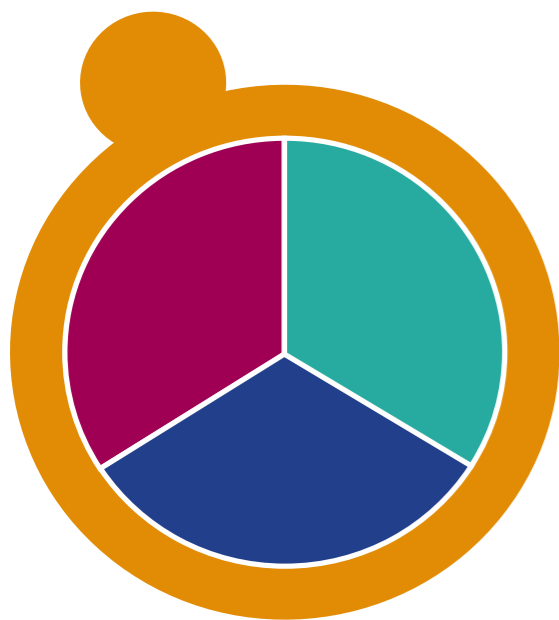
Theme 7: Using active management of today's services to plan future transformation

We have found that commissioners are using this information to assess the service on three levels:

Active management of current services

Active management is a key component of evaluating existing service provision. Commissioners are developing systems which:

- Secure regular improvement in quality and outcomes from the services they commission
- Ensure that the services commissioned for their population are of appropriate quality and offer value for money
- Ensure that the care being delivered is appropriate, and that patients are following the correct treatment path⁶¹
- Share and escalate concerns about quality of services with regulators and Quality Surveillance Groups
- Use contractual mechanisms to intervene where appropriate quality standards are not being met
- Commissioners should use the formal processes, incentives and sanctions in the NHS Standard Contract to ensure that providers are delivering high-quality services. The [Contract Technical Guidance](#) provides further advice for commissioners on using the contract management provisions.



Theme 7: Using active management of today's services to plan future transformation

This information should then be used to assess the service on three levels:

Benchmark with peers

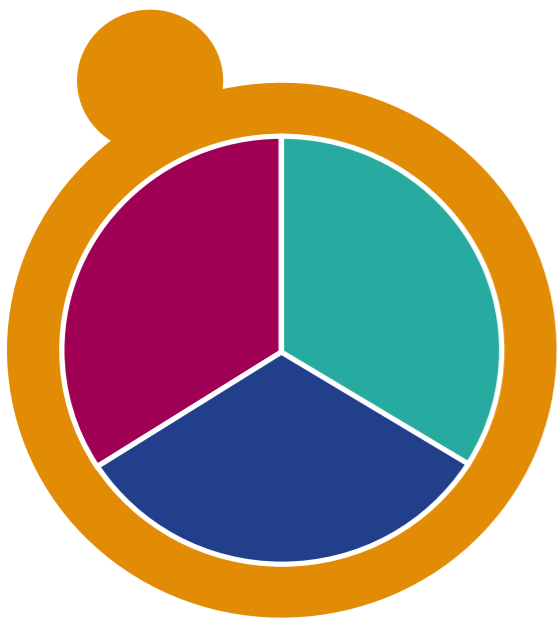
Commissioners can use the evaluation of the quality of their services to:

- Work with other commissioners in the area to benchmark their service against others commissioned from the same provider
- Share information and experience with other local commissioners of similar services to identify where improvements can be made to the service.

Inform the planning of future services

A robust evaluation system will help commissioners to identify how successful the service has been at achieving the specified outcomes, and delivering quality and value. This information can then be used to:

- Identify if the service requires further transformation, when considered in conjunction with the vision for that service agreed in the 5 year commissioning plan
- Determine the future contract length of the service, and the procurement approach that should be taken when commissioning the service in the future.



Moving forward



Moving forward: six components to consider when thinking about how best to achieve service transformation.

Moving forward

The seven stages outlined above highlight the key themes for consideration when commissioning for service transformation. They illustrate some of the initial thinking and approaches taken by commissioners to achieve the best possible outcomes for patients within the resources available.

The development of these themes has identified six components which initial indications suggest are useful issues to consider when thinking about how best to achieve service transformation:

Creating the environment to support transformation

Transforming service delivery will require a new approach to leadership within the health and social care system.

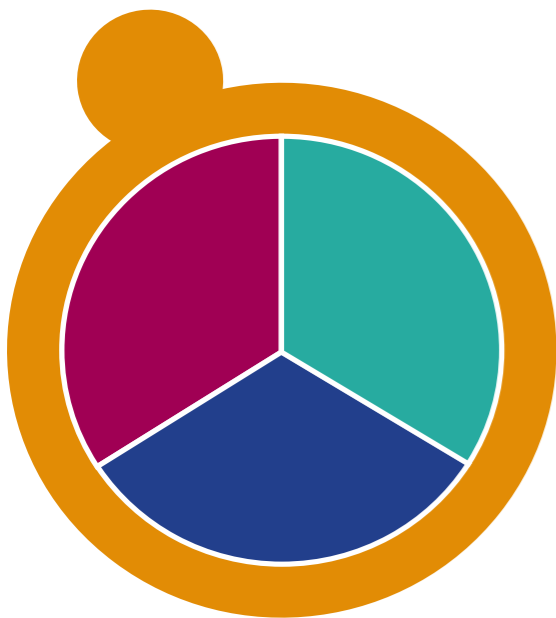
In the evidence scan Cross Sector Working to Support Large Scale Change, the Health Foundation⁶² identified that whilst there are a number of factors which influence the success of a collaborative approach to large-scale change, research suggests that changes are more effective when stakeholders share a joint vision and see how working together achieves that vision.

Strong leadership will be required to create an environment to support this. Leaders need to build relationships and partnerships across the local health economy in challenging economic circumstances in order to create the vision that will mobilise the whole population.

Taking risks and challenging the status quo

Transforming health services will require innovative, new ways of working. To achieve this, leaders need to create a culture that supports innovation, with appropriate and balanced risk taking.

Bedfordshire will be taking a whole systems approach to commissioning their musculoskeletal service and will be moving to a new contracting approach to deliver it. The CCG has been working with stakeholders to minimise risk in developing this innovative approach to service delivery, including having conversations with groups such as the Co-operation and Competition Panel to check thinking.



Moving forward

Creating genuine partnerships to release the potential of patients in care

Placing patients at the centre of health services will be essential for driving the transformational change required to sustain the NHS. Emerging insight is highlighting the range of ways that patients can be involved in the service transformation process, from effective co-production in service delivery to being truly engaged in their own care.

Approaches such as tele-health ([the million lives campaign](#)) and personal health budgets show that when appropriately supported, patients can take an active role in commissioning and delivering their own care to achieve the outcomes that add value for them.

Rethinking population segmentation

Commissioners are exploring if extending traditional boundaries can increase the value of services, reduce variation in service delivery, and reap benefits from designing similar services in a co-ordinated way.

Staffordshire and Newark have recognised that patients with similar care needs can be grouped together to form new population clusters and plans these services together to provide consistent care and reduced variation across similar pathways.

Optimising existing resources

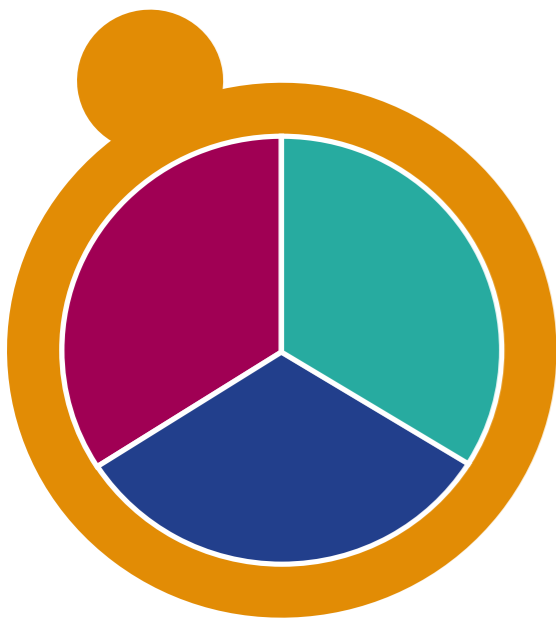
Achieving the best possible outcomes for local populations will depend on all partners working together, across the NHS and wider care system, to maximise the benefits of combined resources.

Some areas, recognising that they have limited funds to support a shared population, are starting to identify opportunities.

Focusing on outcomes which add value to the patient

Some commissioners are now recognising that the efficacy and value added by a service is determined by how well patients feel after their treatment or care, and by helping them to stay well, rather than by activity volume.

To achieve improved outcomes, areas are taking a whole systems approach to setting outcomes, based on a pathway rather than a single intervention. This recognises that patient outcomes are a result of a series of interactions rather than a single contact with care providers. Taking this further, some commissioners are asking the public to help shape the outcomes that will determine 'good' care.



Videos: Case Study Stories

**Commissioning for outcomes:
Musculoskeletal care**
NHS Bedfordshire CCG

**Transforming cancer and end
of life care**
Staffordshire and Stoke-on Trent

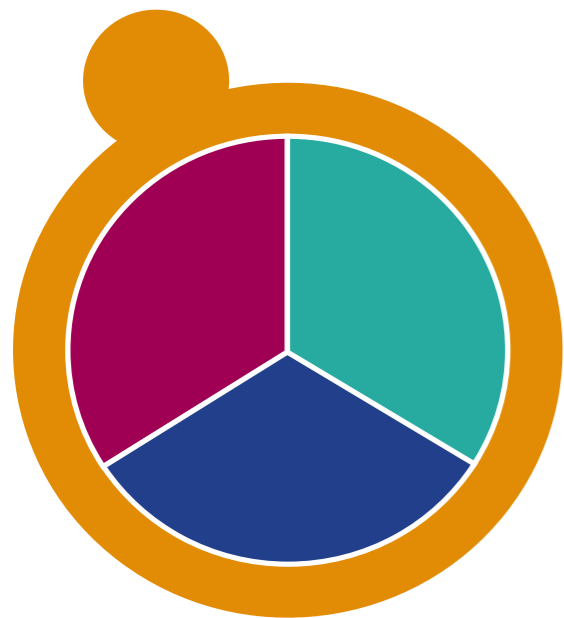
**Transforming long term conditions and
integrated care services (PRISM programme)**
NHS Newark and Sherwood CCG

Point of view: Diane Bell

Point of view: Justine Palin

Point of view: Jan Balmer

Case Study Bank



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- ⁵ NHS England, *Transforming participation in health care*, 2013
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- ⁸ *Year of Care: Report of findings from the pilot programme*, 2011
- ⁹ Right Care Case Book, *COBIC Case Study*, 2012
- ¹⁰ PWC, *NHS@75: Towards a Healthy State*, 2013
- ¹¹ Health Foundation, *Rising to the Challenge*, 2009
- ¹² Health Foundation, *Learning report: Looking for value in hard times*, 2012
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- ²⁰ King's Fund, *NHS buildings: obstacle or opportunity*, 2013
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- ²⁶ NHS Confederation, *Making Integrated Out-of-Hospital Care a Reality*, 2012
- ²⁷ Farrar et al, *Healthcare for London: Reflections on leadership, lessons and legacy*, 2013
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- ³⁰ PWC, *NHS@75: Towards a Healthy State*, 2013
- ³¹ NHS England, *Transforming participation in health care*, 2013
- ³² *Year of Care: Report of findings from the pilot programme*, 2011

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- ⁴² Nuffield Trust, *Commissioning Integrated Care in the NHS*
- ⁴³ Right Care Case Book, *COBIC Case Study*, 2012
- ⁴⁴ RCGP, *Guide to Commissioning Urgent and Emergency Care*, 2011
- ⁴⁵ KPMG, *Contracting Value*, 2013
- ⁴⁶ PWC, *NHS@75: Towards a Healthy State*, 2013
- ⁴⁷ Nuffield Trust, *Commissioning High Quality Care for People with Long Term Conditions*, 2013
- ⁴⁹ KPMG, *Something to Teach, Something to Learn*, 2013
- ⁵⁰ KPMG, *Contracting Value*, 2013
- ⁵¹ Year of Care: *Report of findings from the pilot programme*, 2011
- ⁵² KPMG, *Something to Teach, Something to Learn*, 2013
- ⁵³ KPMG, *Contracting Value*, 2013
- ⁵⁴ Nuffield Trust, *Commissioning integrated care in liberated NHS*
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