



Commissioning Board
A special health authority

Developing commissioning support: Towards service excellence

Appendix B: NHS & Local Government as partners in commissioning for health and wellbeing



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Towards service excellence

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1. Objective of the paper

The contribution of local government to commissioning for health alongside NHS commissioning of Healthcare services is significant. This is reflected in the Health and Social Care Bill, in the Future Forum's recommendations and in the NHS Operating Framework 2012-13. Local government has unique strengths, skills and links to communities that could be brought to bear to enrich health commissioning, and an emerging evidence base suggests that strong partnerships between the NHS and local government are crucial in transforming and integrating services and in tackling the underlying causes of poor health. This also recognises that for an increasing proportion of our citizens who are NHS patients, their needs and the solutions to those needs cut across NHS and Local Government responsibilities.

It is important to set out more clearly the contribution of local government to health commissioning, and to acknowledge that collaboration between local government and the NHS will be an important ingredient in the future success of clinical commissioning and commissioning support. It is timely to set this out for two reasons: firstly, in order that local integrated commissioning arrangements are maintained or enabled to adapt through the transition period; and secondly, in order to clarify the scope of the local government contribution to commissioning and commissioning support in the short and longer term.

This paper begins to articulate the NHS/local government collaboration that will be necessary for effective commissioning and commissioning support, and in doing so differentiates between the role of local government as partners in health commissioning through developing new statutory responsibilities in relation to the Health and Social Care Bill; and the potential role of local government as suppliers of commissioning support.

Differentiating between the two is intended to explain the different policy drivers, influences, constraints and likely outcomes of the respective roles. Such a differentiation can also help understanding of how local government can fulfil its maximum potential contribution in each role. The paper also sets out a series of recommendations for how DH and local government may progress some of these themes, together over the coming months.

2. Preparing for local government's new statutory responsibilities as partners in health and health commissioning is a first order task.

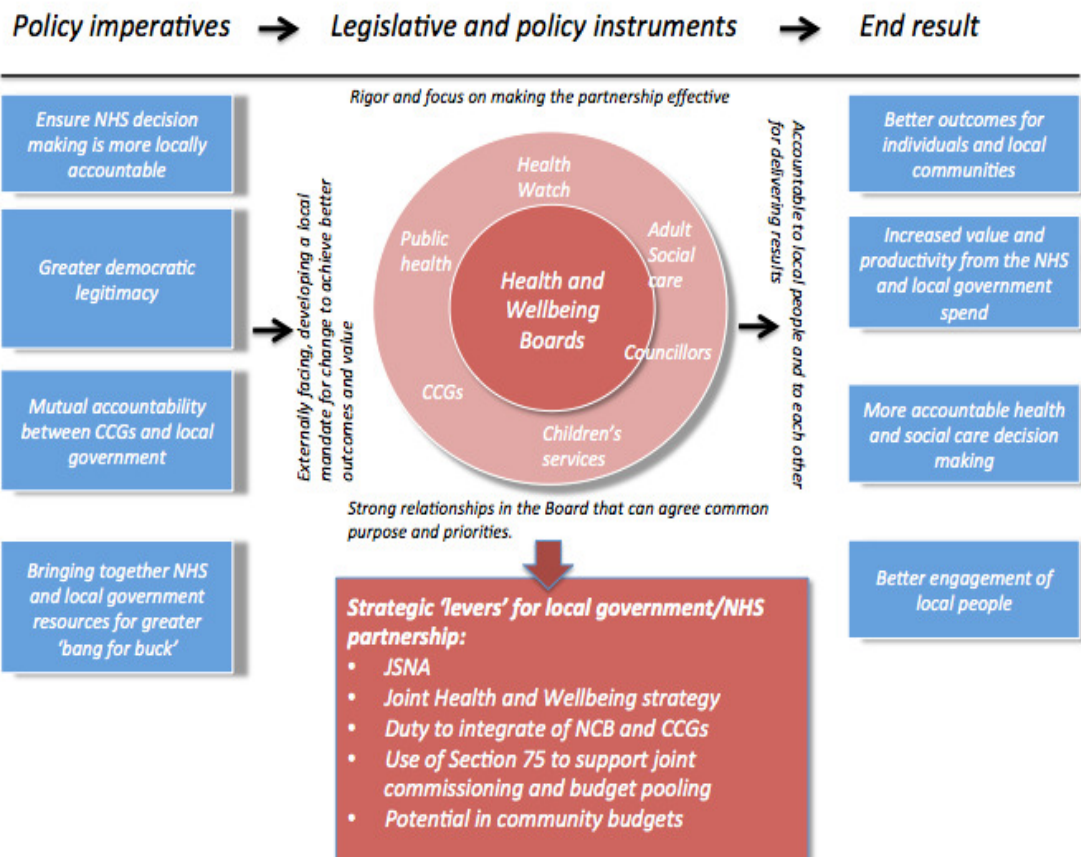
The Health and Social Care Bill and related policy proposals hold unprecedented opportunities for stronger partnerships between the NHS and local government. The Government's reforms significantly increase local government's health responsibilities.

Some of the more significant new responsibilities for local government in health that are set out in the Bill include the establishment of Health and Wellbeing Boards in shadow form by 2012 which will have a statutory duty to encourage health and care commissioners to work together to advance health and wellbeing, and a duty to consider partnership arrangements under the NHS Act (i.e. under Section 75) in developing their Joint Health and Wellbeing Strategy.

They have a responsibility to promote joint commissioning and integrated provision, and to ensure that the commissioning plans for health, social care and public health align. The Bill also encourages local government and the NHS to take much greater advantage of existing opportunities for pooled budgets, including commissioning budgets and integrating provision.

With sufficient focus from local government and their partners, the ultimate prize for these stronger partnerships between health and local government is better use of collective resources, whole health and social care system reorientation locally to invest in upstream and preventative interventions and much enhanced democratic legitimacy for health commissioning decisions. The policy drivers, mechanism and desired outcomes of local government's role as a statutory 'partner' in health are set out in the diagram below.

Local government as partner in health and health commissioning



The new opportunities for stronger partnerships between health and local government represent a step change in the scale of local government's health responsibilities. They will require focused preparations and resources inside local authorities in order to be implemented effectively, and will also require reciprocity between local government and the NHS to ensure that the potential benefits for local people are realised. The potential leverage that Health and Wellbeing Boards have over integrated commissioning must not be underestimated, particularly if there is a strong CCG presence in the Board and if are mechanisms in place locally to convert the joint Health and Wellbeing strategy into joint commissioning locally. This also means CCG's playing a full role in place based commissioning for Health and Wellbeing of local communities, through joint arrangements with their local authority.

A much stronger policy focus on the integration of health and social care is also emerging, and is reflected in the NHS Operating Framework 2012-13 and likely to be a strong theme in the next set of Future Forum's forthcoming recommendations. Recent policy papers appear to reflect a strong commitment in central government to closer working between the NHS and social care, and it is important to consider

in this context what the NHS and local government need from each to create an environment in which integration may thrive in the future. This increasing emphasis on integration between health and social care is an important policy driver that impacts on both commissioning and commissioning support. This means that for those citizens where partnership between the NHS and local government are critical to the delivery of improved health outcomes and better use of resources, CCG's and local government will need to jointly scope and design commissioning support arrangements.

3. Local government has a significant potential role as a supplier of commissioning support and this should be explored further through joint working with local government.

The new NHS commissioning model will be clinically led, underpinned by clinical insight and a real understanding of the health needs of individuals and communities. Clinical commissioning groups and the NHS Commissioning Board will be uniquely placed to realize a step change in the quality and outcomes delivered by health services. The range of functions and activities associated with commissioning is complex and wide-ranging, and extends far beyond joint commissioning. As a result, CCGs and the NHSCB are likely to need external support from the NHS, local government, the voluntary and commercial sectors with the necessary specialist skills and knowledge in order to succeed as commissioners. This assistance from external organisations is described as 'commissioning support'.

In many areas of the health and care system local authorities will continue to have a critical role as strategic commissioning partners with the NHS, in the design of more integrated services and pathways. Where these joint commissioning arrangements can be shown to be effective, it is important they are maintained as the new commissioning support arrangements take shape in the transitional period to April 2013 and post 2013 when CCGs can procure their support from wherever they choose. The aim should be to strengthen joint working (in line with the policy drivers already mentioned in this paper) and to enhance the potential for greater levels of joint commissioning in the future, but also to give clearer signals to local government about the scope for their potential role and the timeframes or milestones for their involvement.

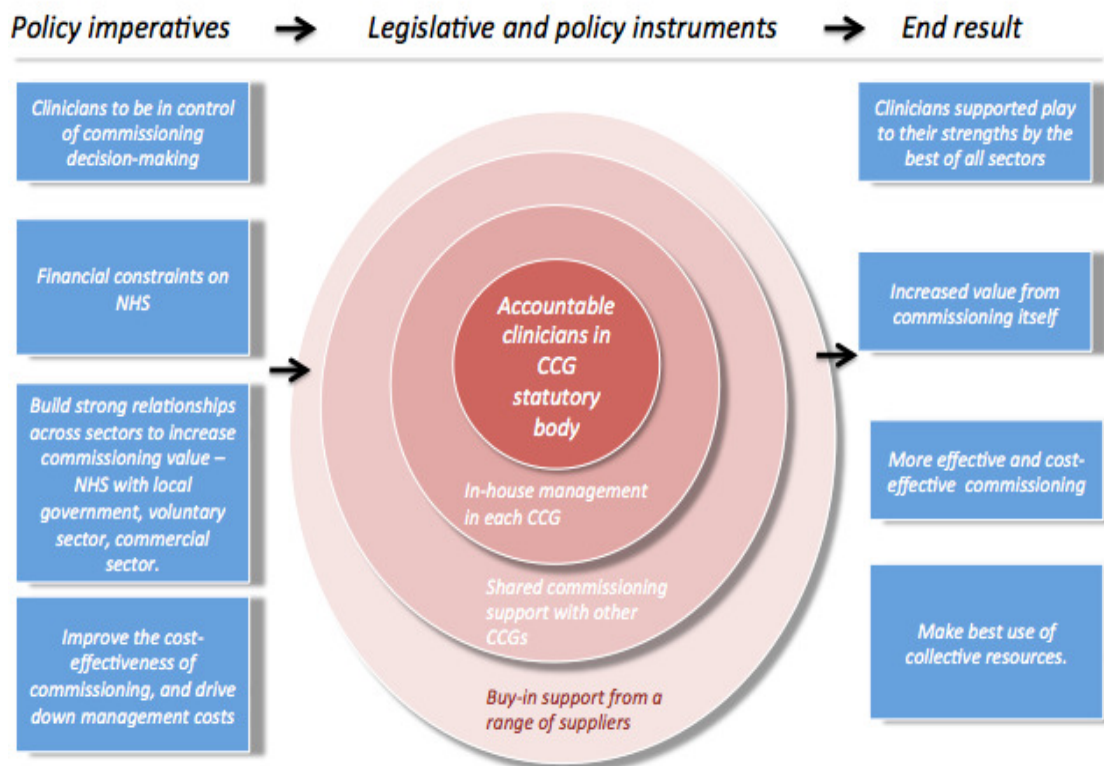
The policy drivers at work in developing commissioning support are different to the policy drivers underpinning local government's new statutory responsibilities as a partner in health, and these drivers will both influence and constrain all commissioning support providers as the support market develops. The policy

drivers influencing commissioning support that affect local government along with other providers include:

- 1.1 CCG leaders will remain accountable for their commissioning decisions and it is the unique clinical insights and perspectives of CCGs which are intended to provide the backbone of the health reforms. Thus, the final decisions on the shape of commissioning support will be a matter for CCGs themselves. All potential providers of support must be customer focused and responsive to the needs and requirements of these new customers, and must enable these new customers become the new local leaders of the NHS.
- 1.2 Following on from the above, commissioning support provided by local government cannot be a substitute for strategic partnerships between health and local government in line with local government's new statutory responsibilities in health, as already outlined in this paper. It is important that the development of these strategic 'decision-taking' relationships between health and local government is seen as a first order task, and that both the NHS and local government enable those charged with leading the new system (i.e. GPs, local councillors, emerging Health and Wellbeing Boards) to forge these new strategic connections. PCT clusters have a vitally important role in enabling these strategic decision-taking relationships between CCGs and local government to take shape.
- 1.3 The new health commissioning support system, whether it is made up of NHS, local government, the commercial or voluntary sector, must be more efficient than it has been previously under PCTs. The £25 per head running cost allowance for CCGs is a significantly lower allocation than average PCT' running costs and will require commissioning support providers to do things differently. Commissioning support providers from all sectors will need to demonstrate added benefits and economies of scale whilst operating within a model that is sensitive to local needs, and all providers of commissioning support must deliver maximum value for every pound of taxpayers' money spent. Bringing together the skills of local government and the NHS into new commissioning support arrangements will be one of the ways of achieving better value for money and avoiding duplication. Local authorities at a time of significant reductions in resources are faced with the same imperative for efficiency as NHS commissioners. However, in order to achieve the potential economies of scale and efficiencies, some activities may have to be carried out across more than one local authority. This could be a key challenge for some smaller authorities. Also in the NHS it may be more efficient to carry out some activities at national level once, depending on the nature of the service or function.

This distinct set of influences and constraints for all future providers of commissioning support is set out in the diagram below.

Local government as suppliers of commissioning support



4. Defining and enabling the potential contribution of local government as suppliers of commissioning support: suggested next steps.

The guidance ‘*Developing commissioning support: Towards service excellence*’ sets out the key activities that will comprise commissioning support and puts forward a demanding timetable for the transition of NHS commissioning support organisations to be ‘business-ready’ by 2013. It is important that emerging commissioning support arrangements, which in the first instance are likely to be coordinated by PCT clusters as ‘brokers’, should not damage the potential for effective collaboration between CCGs and local government either in the transition period to 2013 or over the longer term. In order to ensure this potential for effective collaboration in commissioning support is not lost, a series of recommendations

and next steps has been co-developed between the Department of Health, Local Government and NHS stakeholders over recent weeks:

- A 'Do no harm' principle should be applied to existing integrated commissioning arrangements in the process of developing commissioning support organisations. In creating a longer-term environment in which integration can thrive, PCT clusters will be encouraged to 'broker' support from the NHS, local government, and voluntary and commercial sector providers.
- In developing strong commissioning support arrangements, it is important that existing integrated commissioning arrangements are not unpicked unilaterally, but also that actions are not taken in the short term that might prevent collaboration between the NHS and local government in the longer term. Local authorities have and will continue to have a critical role as strategic commissioning partners with the NHS, in the design of more integrated services and pathways of care. Protecting and enhancing these local integrated commissioning arrangements is important to local authorities and to many CCGs, and where those arrangements can be shown to be effective, affordable and in line with CCG priorities they should be maintained. In addition, a test will be devised for the commissioning support assurance process to check that emerging local support arrangements are brokering offers from local government and other non-NHS providers in the transition period to 2013, and over the longer term.
- DH and local government will co-produce a clear and robust outline of functions or aspects of commissioning and commissioning support where local government can distinctively add value.
- The importance of integration between health and social care has been recognised in proposed legislation and in policy, and anecdotally we know that many local commissioners value and wish to enhance their integrated commissioning arrangements. If local government is to be brokered as a significant provider of commissioning support in the future, more clarity and specificity is needed to define the distinctive local government role. Work is ongoing to co-produce a clear and specific outline of the commissioning support functions where local government might best add value, and to set out more clearly the pathways where it would be most appropriate for local government to work very closely with CCGs and the NHSCB as partners in commissioning. Such an analysis could then form a schedule of functions and activities that could usefully provide the basis for brokering of commissioning support from local authorities.

- Where local authorities are brokered as part of emerging commissioning support arrangements, it is acknowledged that local partners should move beyond general or aspirational statements.
- It is recognised that local government, along with suppliers of support from other sectors, should be enabled to make the most of the opportunities presented by the need to develop strong commissioning support arrangements at pace, as signalled in '*Towards service excellence*'. In the interests of developing commissioning support arrangements that are sustainable and that survive without subsidy in the long term, all potential suppliers of support should be subject to the same constraints and to rigorous business development challenge. The constraints that will commissioning bind support have already been well rehearsed in this paper: all potential suppliers must acknowledge the reduced resource envelope under which NHS commissioners are operating and the need for appropriate economies of scale. This environment will require all suppliers to have commercial skills and have very clear and robust business planning. This may well mean that some future joint arrangements for commissioning support will have to work across several local authority boundaries, particularly in some metropolitan areas or where smaller unitary authorities are situation in larger counties.
- For local government to be brokered in as a potential supplier of support it is acknowledged that there must be clearer signals about the timeframes and phases for the development of commissioning support arrangements, both in developing the transitional arrangements between now and 2013, and for the longer term opportunities.
- In order for local authorities to maximize the opportunity to be involved as a supplier of commissioning support, clearer signals will be given on the opportunities and timeframes for non-NHS suppliers of support, both in the interim period leading up to 2013, and for the longer term development of commissioning support post 2013. As already set out in this paper, the interim arrangements should not constrain the future commissioning support arrangements nor fetter the development of a competitive mixed economy of commissioning support arrangements for CCGs and NHSCB going forward.

