NHS England

Towards commissioning excellence

A strategy for commissioning support services

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Description	We believe that the best way to ensure that CCGs and others can secure the commissioning support services they need, is to have a resilient, cost-effective and vibrant market that enables access to best in class providers from the public, voluntary and independent sectors. This strategy outlines the key building blocks required to ensure that all commissioners can access excellent and affordable commissioning support services, enabling them to commission effectively for the benefit of patients.
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Towards commissioning excellence

A strategy for commissioning support services

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Executive summary

The NHS needs to evolve rapidly to meet the increasing healthcare needs and expectations of the people it serves, whilst remaining sustainable as it strives to achieve health outcomes that are amongst the best in the world, in challenging economic conditions. We need to modernise the way services are delivered, shifting investment from outdated care delivery systems which no longer deliver the best care for patients or represent good value for taxpayers.

Creating an excellent commissioning system and excellent commissioners will be crucial to this. But if commissioning is to deliver better quality and outcomes for patients and better value for taxpayers, it must be taken to a new level – clinically-led, professional and streamlined, underpinned by great commissioning support services. Our goal therefore is to ensure that all commissioners can access excellent and affordable commissioning support, be it sourced in-house, shared, or outsourced.

This will not happen by accident. The market for commissioning support services is very immature. Provision is currently dominated by NHS Commissioning Support Units (CSUs), spun-out from Primary Care Trusts (PCTs), that will be hosted by NHS England and NHS Business Services Authority until no later than 2016. CSUs are variable in size, capacity, capability, and commercial skills. There is a leading cohort whose business models are strongly customer-orientated and who are developing added-value services to complement clinical commissioning. There are also established international, national and niche independent sector providers that have provided some commissioning support services to PCTs and other parts of the NHS for a number of years.

For the foreseeable future CSUs – underpinned by growing partnerships with larger commercial, niche and voluntary organisations – are likely to remain the principal providers of commissioning support services. NHS England is committed to supporting CSUs to become the best they can be. We will invest in their development, encourage partnership working and assure their progress. In this way – together with enabling the participation of other providers – we will ensure that all CCGs have access to the best possible services. The demand-side is still developing, with many CCGs lacking a full understanding of their commissioning support service needs (particularly for supporting transformational service change) and how, in due course, to secure commissioning support to meet their needs.

NHS England could simply decide to leave the market for commissioning support to evolve, but this would entail high risks of commissioners being unable to access the services they need, failure of CSUs during hosting by NHS England, poor value for money, and crucially a lack of innovative providers able to support CCGs in meeting strategic QIPP challenges.

We believe that the best way to ensure that CCGs and others can secure the commissioning support services they need, is to have a resilient, cost-effective and vibrant market that enables access to best-in-class providers from the public, voluntary and independent sectors. Establishing such a market will require the systematic stimulation and development of the demand and supply sides so that customers are informed, capable and confident, and providers are commercially astute and responsive to customer needs.

Buyers and sellers of commissioning support will need to be supported by efficient and effective market mechanisms ensuring easy access and genuine choice, fair competition, minimal transactional costs, and the effective management of transition through appropriate collaboration.

This strategy outlines the key building blocks required to ensure that all commissioners can access excellent and affordable commissioning support services, enabling them to commission effectively for the benefit of patients. In the autumn, NHS England will provide an update on the progress made in co-creating the policies, guidance and tools needed to deliver this strategy; and will publish a strategy for giving CSUs full autonomy.

Context: Creating an excellent commissioning system

1. The NHS needs to evolve rapidly to meet the increasing healthcare needs and expectations of the people it serves. It must also remain sustainable as it strives to achieve health outcomes that are amongst the best in the world, in challenging economic conditions. There are clear opportunities to meet this challenge by modernising the way services are delivered and shifting investment from outdated care delivery systems. There is good evidence that this is already happening in some places. The challenge is driving the change at scale and pace.

2. Excellent commissioning is critical to meeting the challenge. The creation of NHS England and CCGs by the Health and Social Care Act 2012 as the key coordinators and purchasers of health services puts commissioning firmly centre stage as the driver of improvement. If commissioning is to deliver better quality and outcomes for patients and better value for taxpayers, it must be taken to a new level: clinically-led, professional and streamlined.

3. This means being capable of securing quality today (meeting the rightly demanding expectations set by the Francis Inquiry report) whilst leading the transformation of services for tomorrow. This will mean putting patients at the centre, engaging sensitively and effectively with local people, communities and clinicians, whilst benefiting from the efficiencies of scale when accessing the necessary information capture, support and analysis. It will require commissioners to assess quality holistically and systematically, but then grip contracting and procurement mechanisms to deliver better services – a key recommendation of the Francis Inquiry. Appendix H sets out how this strategy will support delivery of the relevant recommendations of the Francis Report.

4. For commissioners to succeed, we need to develop an excellent commissioning system: one which enables all parties to play to their strengths and collaborate to achieve the best outcomes. This means developing the capability and capacity of CCGs, but doing so in a way which optimises the value added by clinically-led commissioning, focusing their energy on service improvement and transformation. Therefore, we need to enable CCGs to be ‘lean and focused’, supported by excellent at-scale commissioning support services.

Introduction to commissioning support services

What are commissioning support services?

5. 'Commissioning' comprises some activities for which the statutory commissioning body must retain ultimate responsibility, but there is also a range of key support functions which the statutory body not only does not have to undertake itself, but for which it may be more effective and efficient to secure externally. These are known as 'commissioning support services'.

6. Commissioning support services are typically grouped within seven broad categories (see **Figure 1**).

Figure 1: Service groupings developed for assurance of Commissioning Support Units

Health Needs Assessment
Developing Joint Strategic Needs Assessment (JSNA), building on collected data to forecast local health needs and identify gaps in service provision.

Business intelligence
Information colletion and analysis (patient activity, clinical outcomes, patient experience), risk stratification, segmentation and referral assessment software.

Support for redesign
Developing clinical specification and pathway design, service reviews, including involving patients and carers in the co-design of local services.

Communications and PPE
Communicating and engaging with all stakeholders, managing the reputation of the NHS, media/press and FOI handling, breifing, campaigns and consultations.

Procurement and market management (agreeing contracts)
Identifying best value providers to respond to service needs. Formal contract management tendering and negotiation.

Provider Management (monitoring contracts)
Good practice provider management tools and techniques to ensure fulfilment of agreed contracts, service level standards and key performance indicators.

Business support/Back office
Core function such as finance, IT systems and support, legal services, and HR that underpin the successful running of the organisation.

7. It does not follow, however, that commissioning support service providers need to define their offerings to such standard specifications. Providers' offerings need to evolve as they better understand the needs of CCGs and other buyers; and as buyers, in turn, better understand their own needs. This requires close and dynamic relationships between CCGs and their commissioning support providers.

8. A recent Accelerated Solutions Event – a major engagement event comprising key stakeholders from CCGs, CSUs, NHS England, voluntary and independent sector providers and local authorities – showed a strong desire from commissioners for suppliers to offer broader transformational services that would support them to meet their strategic challenges, for example:

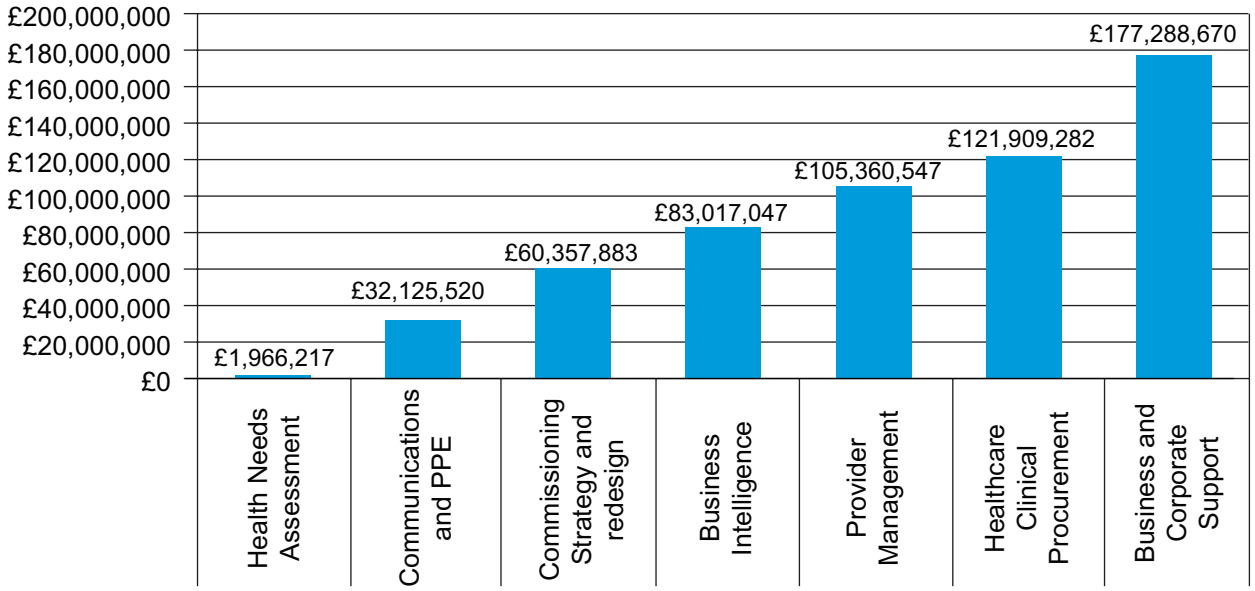
- QIPP
- Emergency planning and urgent care
- 24/7 services
- Integration
- Response to provider failure
- Delivery of the recommendations of the Francis Inquiry report

Who are the customers for commissioning support services?

9. The primary customers for commissioning support services are CCGs and, for its direct commissioning functions (primary care, specialised commissioning) and communications, NHS England and its area teams. However, this is likely to expand over time to include other commissioners (e.g. local authorities), NHS Trusts (supporting the implementation of pathway re-design and reconfiguration), and other related organisations. Engagement with CCGs suggests that customers will increasingly expect their principal commissioning support suppliers to provide access to a range of expertise, some of which is sourced from sub-contracted suppliers.

10. The approximate size of the CCG-related market (derived from CCG running costs) is just over £1bn. CSUs currently have half of this market, with CCGs expecting to spend £570m on CSU services. The remainder is provided in-house or by the independent and voluntary sectors. Financial analysis from the assurance process for CSUs in autumn 2012 (**Figure 2**) shows that CCGs are planning to spend the most on business support, healthcare clinical procurement (agreeing contracts), and provider management (managing contracts).

Figure 2: CGG planned expenditure on NHS Commissioning Support Units by category



11. NHS England, through its direct commissioning functions, is also a customer of commissioning support services, currently buying a range of support in the region of £20m for informatics and data analysis, procurement and contracting and communications and engagement.

Who provides commissioning support services?

12. Provision is currently dominated by CSUs, created from PCTs and hosted by NHS England and NHS Business Services Authority until no later than 2016. CSUs are variable in size, capacity, capability, and commercial skills, and through a rigorous assurance process there has been considerable consolidation, reducing from 90 in the summer of 2011 to 19 now. The current combined revenue of CSUs is approximately £720m, including approximately £140m from non-CCG sources. There is already a leading cohort whose business model is clearly based on delivering a customer-orientated and added value service to complement clinical commissioning. For the foreseeable future CSUs (aided by partnerships with independent and voluntary providers) are likely to remain the principal providers of commissioning support services.

13. Non-NHS providers have a significant contribution to make in the development of excellent commissioning support services bringing a range of skills, resources and experience. Some already provide a range of commissioning support services successfully. However, currently there is limited provision in some areas, combined with limited understanding of their capabilities within CCGs. Some non-NHS providers aspire to expand as the market opens up. Some are seeking partnerships with

successful CSUs. Freestanding consultancy and advisory services are likely to continue, as are providers of analytical services. Some local authorities and voluntary organisations are already playing an important role in health commissioning and showing active interest in participating further, either directly as niche providers, or partnering with CSUs and/or commercial providers, collaborating if necessary to give economies of scale. NHS England will help to raise commissioners' awareness and provide practical support about the range of suppliers able to support CSUs and CCGs.

What are excellent commissioning support services?

14. Excellent, effective, efficient commissioning support services will:

- **Free-up clinical commissioners to focus on where they most add value**: realising the recognised benefits of clinical leadership, delivering improved care pathways for patients
- **Strengthen procurement practice, contracting and the contract management of healthcare providers**: delivering the 'grip' required in the recommendations of the Francis Inquiry for improving the quality of patient care, meeting Monitor's expectations of better and fairer procurement, driving the expected innovation in contracting, and ensuring clinical commissioners' requirements are delivered by healthcare providers
- **Deploy improved business intelligence to secure service improvement and efficiency**: supporting commissioners to identify shortfalls in care for patients which should be addressed, and supporting the delivery of Francis Inquiry recommendations on the availability and robustness of data
- **Enable commissioners to deliver large scale improvements in efficiency and quality**: providing commissioners with the capacity, capability and experience of what works so that they can meet their significant local QIPP challenge – ensuring resources are released to meet demographic and other pressures
- **Help spread improvements across the commissioning system**: in partnership with the NHS improvement body (NHS IQ), support commissioners and providers to benefit from a single approach to improvement of the commissioning system to secure better services for patients
- **Deliver economies of scale**: economies of scale in commissioning support services will ensure that CCG running cost budgets remain sufficient to allow for effective commissioning of better services for patients
- **Contribute to securing substantial savings in 'back office' services.**

15. If we are to realise the potential of commissioning to improve quality, outcomes and value, and optimise the contribution of commissioning support services, our **strategic goal** should be *to ensure that all commissioners can access excellent affordable commissioning support,* whether sourced in-house, shared or outsourced. This will ensure that CCGs have resources, the tools and capabilities to improve service quality and outcomes for patients.

Creating a market

Mandate to NHS England:

CCGs will be in full control over where they source their commissioning support

16. CCGs must be able to secure the best commissioning support services if they are to meet the unprecedented QIPP challenge and use their running costs allowance most efficiently. A market-based approach will allow CCGs to exercise choice, selecting the provision that will best support them to deliver their goals. This course was set in the Mandate to NHS England which made clear CCGs will have choice over their commissioning support services; and we will support CCGs to become informed and demanding customers.

17. An effective market will create strong incentives for commissioning support providers to be responsive to their customers' needs, to develop innovative service offerings that drive improvements in patient services, and to provide value for money. In particular, it will encourage providers to draw on all parties' strengths, such as voluntary organisations in commissioning for certain conditions. Some CCGs have indicated a preference for a "lead provider model" to allow them to access a wide range of services from multiple providers. Under the lead provider model, a principal provider undertakes to secure and integrate best-in-class services to customers, some of which it sources from other providers of commissioning support. This model has the potential to support niche suppliers to access the market and play their part in improving patient services. They are able to work through a single lead provider that has the complementary skills to utilise the niche supplier's unique skills effectively, as part of an overall service offer to improve patient services and deliver value for money.

18. NHS England recognises that demand is likely to increase from CCGs and other buyers as the benefits of commissioning at scale become clear and the provider market matures.

19. Where services are outsourced, they will be competed to secure the best provider and to comply with procurement law. Support will be provided to ensure that this is an effective and efficient process.

A managed approach to developing the market is in the interest of all commissioners

20. NHS England will support the emerging market in order to mitigate the following **potential** risks:

- **Market failure**, for example, CCGs being unable to access the services they need at an affordable level (either by service type and/or geography) from either NHS CSUs, or the wider sector
- **Lack of innovative networked providers**, capable of accessing a wide range of skills and resources to support commissioners to deliver QIPP
- **Of poor value for money**: the market becoming provider rather than commissioner-driven, denying CCGs access to best-in-class services; the benefits of economies of scale not being realised; a lack of coordinated buying; and significant transaction costs.

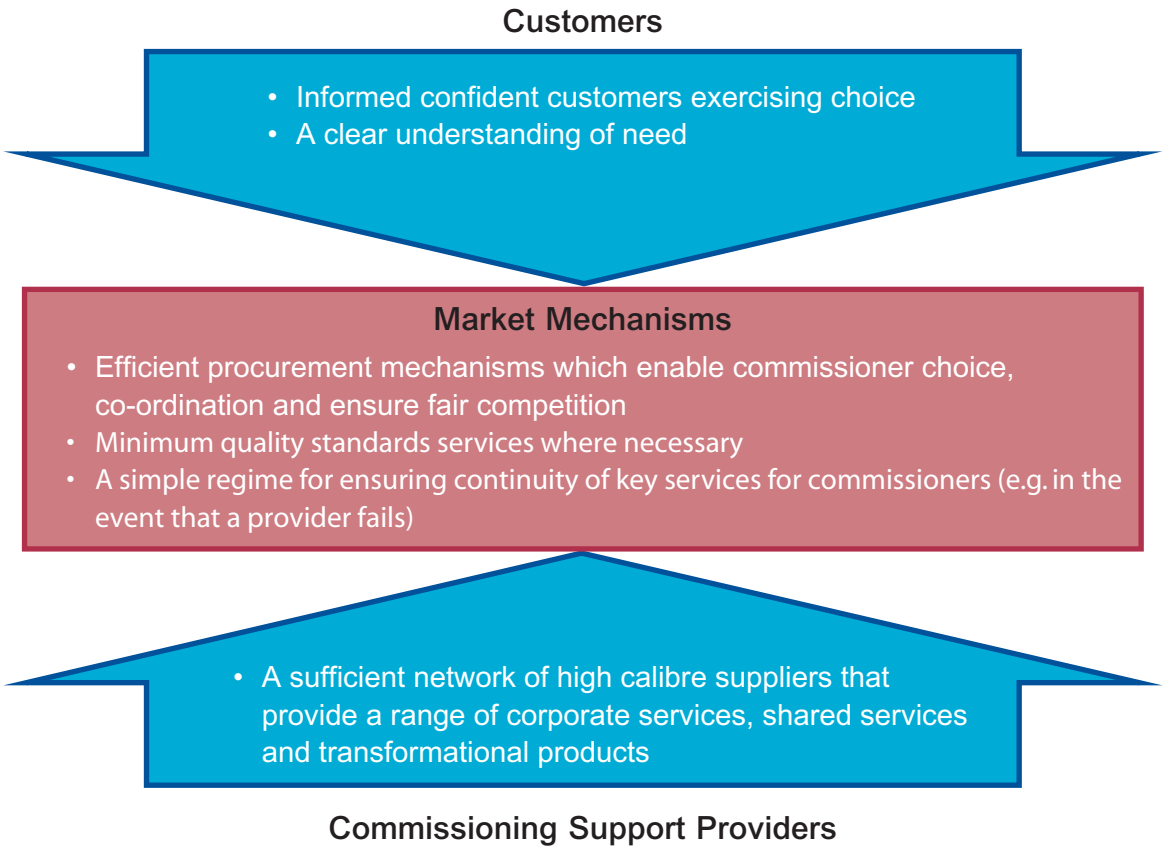
21. For the market to provide best value and high quality services and products, it will require a sufficiently pluralistic range of providers, well-informed and confident customers and efficient market mechanisms.

22. Evidence from other sectors would suggest adopting a managed approach to development of the market is beneficial, as illustrated in the case studies contained in the attached annex.

23. We therefore believe that developing excellent, affordable, commissioning support services requires a systematic approach to stimulating and developing both the demand and supply sides. This will mean creating:

- Informed proactive customers
- Capable responsive providers
- Efficient and effective market mechanisms that support choice, co-ordination, low transaction costs, and easy access to services for commissioners, with fair competition between providers.

Figure 3: Informed customers and capable buyers with effective market mechanisms



What NHS England will do to support CCGs and providers develop the market

24. NHS England will work with CCGs (and other commissioners) and providers to agree shared mechanisms and standards that allow all commissioners to realise the benefits of choice and minimise risks, in the interests of patients and taxpayers.

25. Engagement with stakeholders has highlighted that NHS England should support the development of:

- **Informed confident customers**, who understand what their commissioning support needs are in meeting their local challenges – including delivering the Francis Inquiry recommendations and QIPP – and whether their current commissioning support provision will meet these needs, and how to approach collaborative procurements to meet their needs
- **A healthy dialogue and flow of information** between potential customers and providers so services can be benchmarked, expectations of "what good looks like" continue to rise, and potential solutions can be developed together

- **A package of procurement support, including a procurement framework,** which minimises transaction costs and risks, and provides access to excellent commissioning support services
- **Best practice service specifications** (for optional use or amendment) supporting the proposed framework including associated key performance indicators, payment mechanisms, commercial arrangements and a model contract
- Arrangements which allow **fair access to the best services:** ensuring all providers (from whichever sector) can offer their services on the basis of a fair playing field; and all CCGs can access best-in-class services
- **Continuity of service and transition** provisions which ensure that commissioners are not left without services
- **Minimum service standards**, where necessary
- The further **development of CSUs** in offering transformational support. This recognises CSUs' key contribution to improving patient care and their strategic importance in developing capability in the commissioning support market.

26. Our proposals for developing the market reflect the following freedoms and requirements.

Freedoms

Freedom of choice for CCGs:

- CCGs are free to choose what commissioning support services they buy and from whom, in line with commitments made in the Mandate to NHS England
- CCGs are free to provide their commissioning support services in-house either individually or through shared arrangements with other CCGs

Freedom of choice for NHS England direct commissioners:

- NHS England and its direct commissioners (working within NHS England's single operating model) will be able to choose how to source their commissioning support services and, should they outsource it, from whom they buy

Freedom of choice for CSUs:

- CSUs will be free to choose what commissioning support services they offer and to whom, and their commercial and operating strategies, and will not be restricted by geography
- CSUs will be free to choose whether to deliver services entirely in-house or in partnership with other organisations

Freedom to offer services:

- In line with wider Government commitments, the voluntary and private sectors (including SMEs) will be free to offer commissioning support services
- Other public sector bodies, such as local authorities, will be free to offer commissioning support services

Requirements

In exercising these freedoms, certain requirements will apply:

Value for money:

- CCGs and other public bodies (including CSUs during hosting by NHS England) must be able to demonstrate that their commissioning support services – whether purchased or provided in-house – give value for money: delivering the capability/ quality they need to achieve their objectives at an affordable cost

Service quality and standards:

- Services (in-house or procured) must comply with agreed minimum national standards, for example on data security and quality

Procurement law and best practice:

- All public sector bodies – including CSUs as lead providers during hosting by NHS England – must comply with EU and UK procurement law and best practice in procuring commissioning support services
- A decision to provide commissioning support services in-house, whether shared or individually, is not subject to procurement law, but must enable the best patient outcomes and demonstrate better value for money than buying commissioning support services

NHS Constitution:

- All parties will be required to comply with the NHS Constitution, displaying responsible behaviour in the best interests of all patients and honouring pledges and duties to staff

Managing risk:

- Commissioners will be expected to have regard to the impact of their actions on the wider NHS commissioning system, including collaborating with other commissioners (e.g. through joint procurement where appropriate) and to enter into constructive dialogue to manage transitional risks
- Commissioners will be required to honour SLA/contractual notice periods

- Commissioners will have the option of using a model contract with suppliers of commissioning support services, which will look to set out a balanced risk approach

Management of CSUs during hosting:

- In exceptional circumstances, NHS England may constrain CSUs in their freedom to withdraw services so that continuity of supply is ensured while alternative providers develop

NHS England's approach:

- NHS England will intervene in the market where not doing so would present significant risks to:
  - The quality and outcomes of patient care
  - Financial control and/or value for money (including the avoidance of excessive redundancy costs)
  - All commissioners being able to access excellent affordable commissioning support services
- NHS England will be transparent in developing the commissioning support services market and co-create key policies and tools with CCGs, NHS England direct commissioners, CSUs, voluntary and private providers, and other relevant parties
- NHS England's aim is to create a fair playing field so that commissioners can access the best services whichever category of organisation provides them
- In developing its approach, NHS England will have regard to creating a market environment which should enable the successful creation of autonomous CSUs
- NHS England will consider the views and interests of staff in developing its approach. The principal vehicle for this will be the CSU Partnership Forum.

The pace of change

27. The freedom to choose their commissioning support supplier has already been granted to CCGs, NHS England direct commissioners and CSUs and they may exercise this freedom now.

28. Currently, CSUs provide services to CCGs under SLAs which are not legally binding. Key to the evolution of the commissioning support market is for contracts to be won in fair and open competition. It is also essential that commissioners comply with procurement law. Given this, SLAs will not be extended beyond their term of September 2014 (or September 2015 for SLAs awarded through the switching process described in the guide published with this strategy, *Your Choice of Commissioning Support*). Any exceptions to this rule will only be permitted where specifically approved by NHS England. For example, if a CCG has had to delay its procurement in order to address its own under-performance and major challenges in its local health economy,

meaning extending the SLA is in the best interests of patients. NHS England will only agree such SLA extensions if the CCGs commit to an agreed timetable for replacing the SLA with contract(s) secured in open competition.

29. CCGs will be requested to set-out in the autumn of 2013 their intentions and timetable for securing commissioning support services. NHS England, recognising its responsibility for developing the market, will provide CCGs with appropriate development support.

30. Work to support the exercise of choice – outlined in the attached appendices – will be progressed as quickly as possible within the available resources. It is recognised that CCGs and other customers attach particular importance to procurement routes, such as frameworks, being put in place, so that the costs and risks of buying are significantly reduced and to enable access to a broader range of qualified suppliers. We plan to have these in place from April 2014 and priority is also being given to interim measures to enable CCGs to exercise choice.

Key risks and dependencies

31. There are a number of risks inherent in moving to a choice based system for commissioning support services where buyers and sellers are newly formed organisations with developing cultures and where the response of non-NHS providers is uncertain. To mitigate these risks, NHS England is proposing to support a managed transition.

Costs and benefits of a managed approach

32. There are significant benefits in taking a managed approach to developing the commissioning support market, retaining the benefits of commissioning at scale, reducing the potential for redundancy costs and ensuring that the skills and experience of NHS staff are available to support commissioners in the future.

33. The cost of an average OJEU procurement process is significant. Where it is for a non-standardised strategically important service it also requires a significant injection of time and effort from the buying organisation's senior managers. It is therefore essential that we find ways to reduce these transactional costs and create simpler processes for commissioners – and CSUs as lead providers – to buy the commissioning support services they need to succeed.

Value for Money

34. All public sector bodies have a duty to ensure their activities provide value for money for service users and taxpayers. Value for money is increased through two routes: improving the quality of services delivered to the public; and reducing the costs of delivering services to release cash for investment in service improvement.

35. NHS England is investing in the development of CSUs during hosting and in a programme of work to support the emergence of a vibrant commissioning support market. We need to know whether this is successful and represents good value for money. To provide accountability and fine tune implementation, we will undertake a value for money assessment of the evolving commissioning support market. The scope and methodology of this review will be agreed with NHS England's Executive Team in autumn 2013, following engagement with commissioners and providers. It is likely to include:

- The assessment of the impact of commissioning support services on better patient care, both in terms of health service quality, and in releasing cost savings to re-invest elsewhere. For example, the extent to which commissioning support services have supported service transformation, more integrated care models, lower prescribing costs, reductions in acute hospital admissions and fewer A&E visits
- Customer assessment of the strength of commissioning support providers and the extent to which they are able to access the innovative approaches to improving patient care that they need
- The cost of commissioning support services and the ability to secure support within the allocated running costs budget
- Any barrier to the effectiveness of commissioning support services in enabling better value for patients and the taxpayer
- Benchmarking of costs from CSUs, non-NHS providers and in-house provision by CCGs.

Enabling full autonomy for CSUs

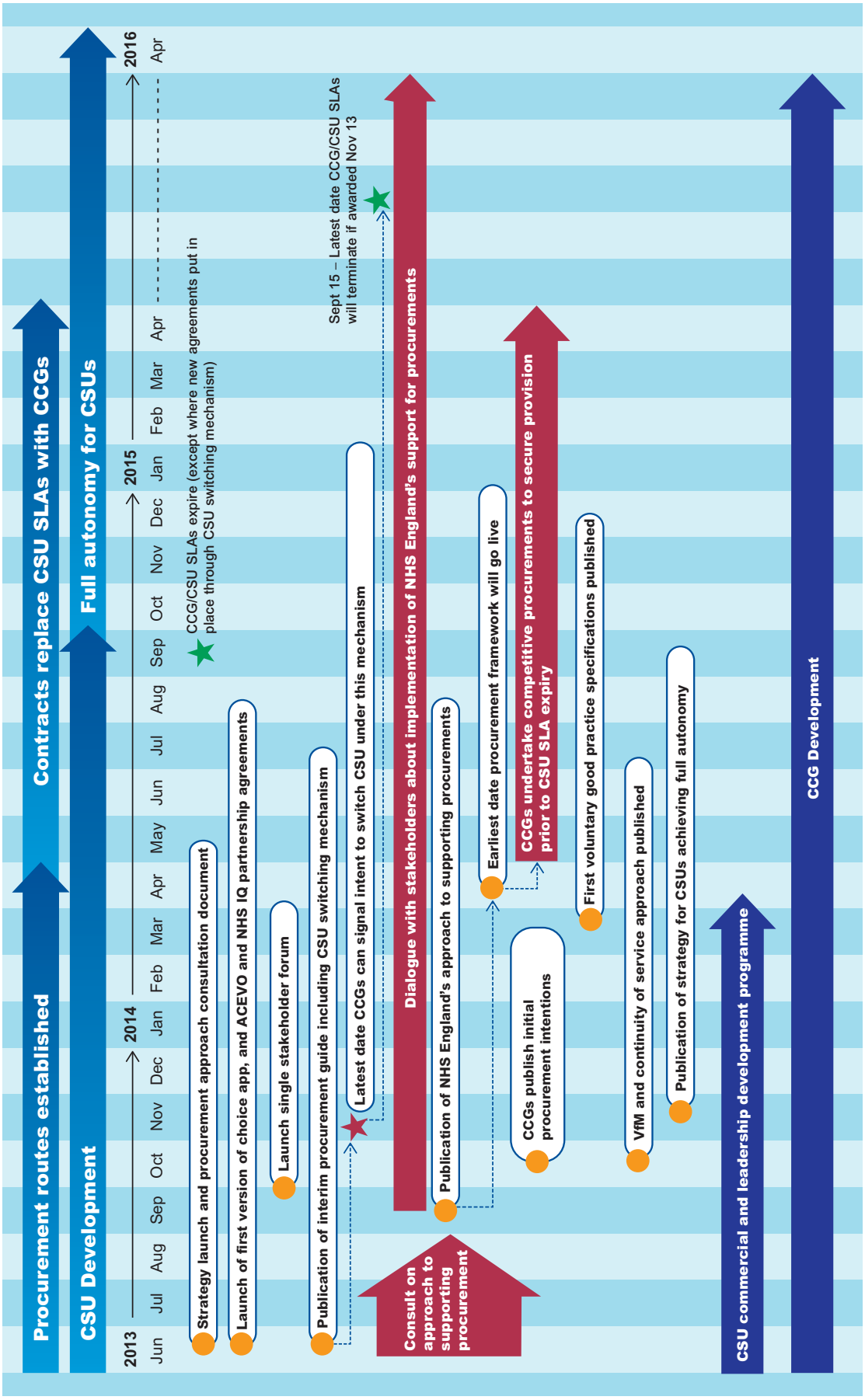
36. NHS England will publish a strategy in the autumn to create fully autonomous CSUs: that strategy will enable CSUs to become the best they can be during hosting and ensure their 'safe landing' in an increasingly competitive market.

37. The approach to full autonomy must enable, not impede, the delivery of our over-riding strategic goal of ensuring that all commissioners can access excellent, affordable, commissioning support services, enabling improved quality and outcomes for patients and value for taxpayers.

Roadmap

38. Some of the key milestones going forward include:

- **12 June 2013** – Publication of this strategy, launch of consultation on CCG procurement support options; launch of commissioning support choice "app"; and launch of CSU/NHS IQ and CSU/ACEVO partnership agreements.
- **June to August 2013** – Engagement with CCGs and providers on procurement options and assurance of CCG in-house provision
- **September 2013** – Publication of NHS England's approach to supporting procurement and timetable
- **October 2013** – CCGs publish initial procurement intentions and timetable to support discussion with other commissioners and commissioning support providers on how to realise their intentions
- **October 2013** – NHS England publishes its approach to evaluating value for money in commissioning support services and to ensuring continuity of service
- **October 2013** – NHS England publishes update on progress, including progress on partnership working with voluntary organisations and local authorities
- **November 2013** – NHS England publishes its strategy for autonomous Commissioning Support Units
- **December 2013** – Release of upgraded commissioning support choice app
- **April 2014** – Procurement framework goes live with supporting voluntary good practice specifications
- **October 2014** – Update on progress and any necessary fine tuning of implementation


Procurement routes established
Contracts replace CSU SLAs with CCGs
CSU Development
Full autonomy for CSUs
2013
2014
2015
2016
Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr
CCG/CSU SLAs expire (except where new agreements put in place through CSU switching mechanism)
Sept 15 – Latest date CCG/CSU SLAs will terminate if awarded Nov 13
Strategy launch and procurement approach consultation document
Launch of first version of choice app, and ACEVO and NHS IQ partnership agreements
Launch single stakeholder forum
Publication of interim procurement guide including CSU switching mechanism
Latest date CCGs can signal intent to switch CSU under this mechanism
Consult on approach to supporting procurement
Dialogue with stakeholders about implementation of NHS England's support for procurements
Publication of NHS England's approach to supporting procurements
CCGs publish initial procurement intentions
Earliest date procurement framework will go live
CCGs undertake competitive procurements to secure provision prior to CSU SLA expiry
First voluntary good practice specifications published
VfM and continuity of service approach published
Publication of strategy for CSUs achieving full autonomy
CSU commercial and leadership development programme
CCG Development

Summary

39. This strategy has set out the key building blocks required to ensure that all commissioners can access excellent and affordable commissioning support services, enabling them to commission effectively for the benefit of patients and taxpayers. These building blocks are described in the following appendices.

40. In October 2013, NHS England will provide an update on the progress made in co-creating the policies, guidance and tools needed to deliver this strategy and will publish a strategy for developing fully autonomous CSUs.

Appendices

A – Developing informed customers

B – Buying commissioning support services

C – Continuity of supply

D – CSU development

E – Creating a fair playing field for providers

F – Assurance of CCG in-house provision of commissioning support

G – What success would look like

H – How this strategy supports delivery of the Francis Inquiry recommendations and the Winterbourne View Review Concordat

Annex: Case studies from a review of comparable public sector reforms

Appendix A
Developing Informed Customers

Context

1. While CCGs are the main customers for commissioning support, other customers include NHS England direct commissioners and Area Teams, local authorities and potentially NHS Trusts.

2. Many CCGs – the principal customers for commissioning support services – are still developing. CSUs and other providers are just beginning to understand how to work with CCGs and meet their needs. The pattern of CSU provision and the services provided are largely a legacy of the major transition the commissioning system has had to deliver, with the focus having been on service continuity rather than the considered analysis of CCG strategic clinical objectives and how commissioning support provision could best support delivery of them.

3. In this environment it is clear that further work over time is needed to enable CCGs to secure the best value commissioning support, and to describe what services are and will be available in the market. We also need to support CCGs to procure commissioning support that will help them deliver improved patient outcomes, QIPP and the Mandate to NHS England.

4. For clinical commissioners to rise to the challenges facing them they must have the best, most innovative, commissioning support possible helping them: our aim is to ensure that CCGs and other customers are supported to make, and successfully execute, the decisions needed to access the best.

What support we will offer to help customers become better informed

5. While CCGs and other buyers will do much to develop themselves in partnership with providers, there are some things that will be more efficient to co-develop once for all parties. In line with stakeholder feedback, we believe these are:

   a) Customer development and CCG engagement

   - The emerging CCG Development Framework will take account of CCG skills development needs as buyers of commissioning support services. Such development will be co-ordinated with meeting the needs of other buyers
   - During the summer and autumn of 2013 NHS England will work with commissioners to increase their knowledge of commissioning support services, associated statutory duties, and inform their consideration of the options

available, including the benefits of buying collaboratively. This will be through a variety of routes, including regional workshops and advice, as well as engaging established commissioner networks.

b) Market Information

- As a first step we will develop a web application/"choice app" hosting a directory of services, acting as a tool for promoting the credentials and capabilities for commissioning support organisations and an online knowledge base for commissioners. This will initially be available as a pilot product and will then be developed further through market engagement and feedback
- CCGs' intentions for securing commissioning support services will be set-out to help providers develop their plans
- It is expected that such information will lead to dialogue between customers and (potential) providers, improving understanding and helping providers to develop better solutions
- NHS England will support the organisation of trade fairs and online networking to encourage greater dialogue and understanding between customers and providers.

c) Decision support tools and advice

- Governing bodies will want to satisfy themselves that they are securing the best value from their commissioning support services whether provided in-house, shared or outsourced. Tools will be co-developed to make this a more straightforward task. Additionally, benchmarked performance and price data will be factored in and shared as it becomes available
- There is significant value to be obtained from engaging third party support to facilitate commissioning support decisions whilst the market matures
- In addition to technical expertise, advisors could provide coaching and input to CCGs' commissioning support strategies
- In its second iteration, the web application may host a list of decision support advisors that can facilitate the commissioning development and procurement process – self nominated in the same manner as commissioning support services providers.

d) Sharing best practice and innovation in specifications

- The procurement framework will not mandate standard service specifications or contracts, as each buyer – or group of buyers – may need a unique specification or terms reflecting their local challenges, provider landscape and dedicated budget

- Stakeholders have indicated that it would reduce costs and spread learning if best practice could be co-developed, which buyers had the option of modifying to their local needs
- We will make such resource available to CCGs through easy to access channels and ensure material is adaptable to local needs
- This resource will focus on the following areas (and will link to the "decision support tools and advice" initiative described above):
  - Best sourcing practice (where to source commissioning support services from; and scope, size and duration of contract)
  - Best contracting practice (service specifications, KPIs, payment and risk/ reward sharing, incentives, and model contract terms & conditions)
  - Best contract management practice (approach, innovation and service evolution, relationship management)

Next Steps

6. NHS England will work with the principal stakeholders, using existing channels of engagement and relevant forums wherever possible – in particular the Commissioning Assembly and NHS Clinical Commissioners – to:

- Develop the commissioning support web application, including a directory of commissioning support services, maintained by providers
- Work with NHS IQ on their CCG and CSU development programmes
- Design and co-develop the decision support tools and directory of advisors
- Design and co-develop best/innovative practice specifications
- Undertake a comprehensive analysis of who the providers are, particularly in the independent and voluntary sectors
- Develop online – and physical – networking and knowledge sharing opportunities to support the development of informed customers.

Appendix B
Buying commissioning support services

The Challenge

1. Public sector organisations have a duty to ensure their buying decisions deliver value for money for service users and taxpayers. To support value for money, public bodies are subject to procurement rules that govern their purchasing behaviour.

2. Under current procurement rules, the majority of commissioning support services are categorised as Part A services. This means that any public sector organisation wishing to buy these services should do so through an open tendering process. A fair and transparent tendering process involves advertising the intention to purchase services so that qualified suppliers are able to bid for the opportunity to deliver them. Suppliers competing against each other to best meet customer needs is a strong driver of value for money. A well designed tender process supports suppliers to engage with buyers to understand their service needs, and to develop a strong offer to meet these needs.

3. Public sector bodies have internal rules and processes governing procurement that are designed to ensure value for money. For services where the contract value is above a set threshold, public sector bodies are also subject to legal oversight and must tender services through a process that is compliant with EU Procurement Directives. Failure to do so can result in the public sector body being open to legal challenge and the risk of sanctions being imposed if a contract is found to have been awarded in breach of the regulations.

4. NHS England has engaged with buyers and sellers of commissioning support during February to May 2013 to better understand how we can support and enable effective procurements. What we have heard so far is that:

   - There are concerns, especially amongst buyers, of potentially high transaction costs from undertaking procurements of commissioning support services
   - Many see the need for external support to help them work through their requirements and specifications, and to run the actual technical process
   - Commissioners recognise that framework agreements can help to manage transaction costs down, but that given the scale of the QIPP challenge, they must be designed so as not to stifle supplier innovation or exclude specialist service providers (e.g. from the independent, voluntary, and local government sectors)
   - Buyers and sellers recognise the potential for cost savings and quality gains through buyers undertaking higher-value joint procurements that stimulate a stronger supply-side response

- Some buyers have expressed a strong preference for buying the majority of their commissioning support from a single 'lead provider', that as well as offering its own services, is able to provide buyers with access to services of other providers. The 'lead provider' effectively operates as a 'service integrator' for the buyer
- There are concerns on timing of procurements. Some CCGs are concerned that the expiry of SLAs with CSUs at end-September 2014 does not give adequate time to undertake competitive procurements to secure new contracts to run from October 2014
- There are concerns around timetabling. If all CCGs who buy services from CSUs are running procurements to have new contracts in place for October 2014, providers could find it difficult to respond effectively to all opportunities which are of interest to them. The potential value of a formal staging process for CSS procurements is recognised. There is also a desire amongst suppliers to avoid a long drawn out process, since this could impact negatively on their commercial viability

The procurement approach NHS England proposes to support

5. To address these concerns, NHS England proposes to support a procurement approach which consists of the six elements set out in the table below.

Support Mechanism	Rationale
Establish a procurement framework	Reduces transaction costs by giving buyers easier access to pre-qualified providers who have demonstrated they are capable of delivering specific services to a high standard. Reduces the time it takes to run a procurement and appoint a supplier.
Facilitate the development of 'lead providers'	Allows those buyers who want to, to contract with a 'lead provider' to gain access to a wide range of specialist services, without the transaction costs associated with multiple procurements.
Facilitate commissioners to undertake joint procurements	Has the potential to reduce transaction costs and stimulate a stronger response from suppliers, given the higher value of tendered opportunities. Could be particularly powerful in securing a strong price-quality proposition where multiple buyers engage a 'lead provider' who is able to respond flexibly where their needs differ. In addition, it maintains sufficient scale to support smooth operational transition – including the comprehensive application of TUPE/COSOP.

Advise on the phasing of procurements	Ensure suppliers are able to respond to the tender opportunities they have targeted and enables providers to plan operational transition with greater certainty.
Co-creation of standard service specifications and other tender documents	Reduces transaction costs and supports standardisation where appropriate. Standard specifications would be made available for voluntary use and could be adapted by buyers to suit their circumstances. Will help to reduce the time it takes to run a procurement.
Ensure access to procurement advisors/ mentors	Ensures CCGs are in a position to secure the commissioning support that best delivers their strategic goals as clinical commissioners, and run a compliant procurement process. Where supporting a group of CCGs undertaking a joint-procurement, the cost of such advisors could be significantly reduced for each CCG.

An explanation of framework agreements

6. A framework agreement is established by a lead organisation (framework developer) on behalf of a sponsoring body (in this case, NHS England). The framework developer runs a competitive selection process to pre-qualify a number of suppliers to provide specific services (or 'lots'). The supplier selection process would be compliant with EU law.

7. The proposed framework would be voluntary, and would not prevent buyers from approaching the market directly via a formal procurement process that was compliant with EU rules.

8. Once a framework is established, buyers can approach the pre-qualified suppliers on a specific lot with a detailed description of the services they need (tender specification) and invite them to respond with a bid to provide the service(s) specified. Buyers can have confidence that the suppliers are qualified to provide the services specified and that they are likely to get a strong response to their tender. Buyers are responsible for assessing which supplier to select to provide the service, in accordance with the bid evaluation criteria they have specified in the tender documentation.

9. Since the framework has been established through a process compliant with EU procurement rules, the time needed to run a procurement is less than should an open tender be issued. The procurement guide being published alongside this strategy explains the process commissioners need to follow should they wish to issue an open tender (OJEU process).

An explanation of collaborative/joint procurements

10. Collaborative or joint procurements are where buyers (e.g. CCGs) come together to purchase services by issuing a joint invitation to tender that sets out their combined service needs. This can be effective because the increased value of the opportunity to provide services stimulates a stronger response from suppliers.

11. Such an approach requires effective working arrangements between the buyers, and may result in one buyer leading the process on behalf of others or the sourcing of an external organisation to manage the process.

Responsibilities to NHS staff

12. Whichever approach is adopted to supporting procurement, NHS England is mindful of its responsibilities to CSU staff as their effective employer. Likewise, all (potential) commissioning support providers and NHS commissioners must take a responsible approach to staff, in line with their commitments under the NHS Constitution. In particular, this means that all parties have a responsibility to ensure that their procurement approach supports the comprehensive application of TUPE/COSOP where work transfers between organisations, including consultation with staff and their representatives.

Next steps

13. Alongside this strategy, we are publishing **interim guidance** on choice of commissioning support services. This is primarily designed to support CCGs who wish to change supplier or buy services in the near future. It includes more technical explanations of the current EU procurement rules that apply to public bodies.

14. After the launch of this strategy on 12 June 2013, **NHS England will engage with key stakeholders for two months on its proposed approach for supporting procurements**. In particular, asking whether and, if so, how:

- A procurement framework should be established
- Lead providers should develop
- Collaborative/joint procurements should be undertaken
- The phasing of procurements should be supported
- The co-creation of standard service specifications and other tender documents (for optional use/amendment) should be achieved
- Procurement advisors/mentors should be secured.

15. **NHS England will publish its approach to supporting procurements in September 2013**. Dialogue with NHS commissioners, providers and other stakeholders (including trade unions) on the implementation of this approach will continue up to and beyond April 2014.

Appendix C
Continuity of supply

Context

1. Continuity of service arrangements refer to processes designed to ensure that customers of a particular service do not suffer a loss of supply. For commissioners of health services, loss of continuity in commissioning support services will be a problem if it impacts negatively on patients or providers of health services.

Objectives

2. Our starting principle is that commissioners are responsible for mitigating the risk of loss of commissioning support services. We will, however, support commissioners by providing guidance to aid their decision-making on how they source commissioning support. Given that the system is in transition, we also propose a simple process to provide commissioners with access to commissioning support on a temporary basis during CSU hosting should they need it.

Approach

3. There are several circumstances under which commissioners risk a loss of continuity of commissioning support services:

a) Change of supplier and the handover arrangements with the previous supplier are badly defined, leading to a temporary loss of service

b) Termination of a contract with their current supplier, but the tender for a replacement provider is unsuccessful in identifying a viable supplier

c) Current supplier unexpectedly exits the market (for example, bankruptcy of an external supplier, an in-house team leaves en-masse), so there is no supplier for some or all of their commissioning support.

Risk:	Mitigation:
a) CCG changes supplier	NHS England will co-produce industry-wide standards for handover, ensuring smooth transition, which will be mandated through contracts.
b) CCG gives notice, tenders, but cannot procure a replacement	Prevention – commissioners should carefully consider their options before tendering, undertake any necessary market stimulation and develop well-defined specifications and tender processes. The products discussed in the Informed Customer and Procurement appendices will support commissioners to make informed decisions when buying commissioning support. NHS England will develop a simple process whereby commissioners are able to approach pre-selected commissioning support suppliers to provide a 'backstop' service prior to re-procurement. Commissioners will be responsible for meeting the cost of such a backstop service.
c) Supplier exits the market unexpectedly	Prevention – Commissioners should undertake some due diligence when choosing a provider. NHS England will develop a simple process whereby commissioners are able to approach pre-selected commissioning support suppliers to provide a 'backstop' service prior to re-procurement. Commissioners will be responsible for meeting the cost of such a backstop service.

4. Post-hosting of CSUs, our expectation is that some providers will view the provision of backstop services to cover loss of continuity as a key service to offer commissioners who need it.

Next Steps

- We will set out for commissioners how they will be supported in ensuring that the risk of and, impact from, loss of commissioning support is minimised.

Appendix D
CSU development

Context

1. NHS England recognises and values the key role and strategic importance of CSUs in supporting commissioners to secure the best services and outcomes for their patients, and in enabling service re-design and transformation. We are therefore committed to enabling CSUs to become the best they can be. We will invest in their development, encourage partnership working, and assure their progress. We are also committed to working in partnership with the CSU Partnership Forum

2. Significant progress has been made during the past 18 months to shape and professionalise CSUs, with the number having reduced from about 95 to 19. These 19 are being hosted within NHS England from 1 April 2013 to support them to develop into commercial organisations ready for full autonomy no later than April 2016. During this period leading to full autonomy – when CSUs will win or lose contracts in open competition – further managed consolidation may well take place. A CSU Transition Team has been established within NHS England to drive the further development of CSUs and manage system risk.

3. This appendix discusses the:

   - Rationale for the creation of stand-alone CSUs and their move to full autonomy
   - Objectives of hosting and the approach to CSU assurance and development
   - Next steps in CSU development

Creation of CSUs

4. The NHS has significant capacity and capability in commissioning support with around 9,000 staff working in this area. Previously, this resource was widely dispersed amongst the 152 Primary Care Trusts, making it difficult to fully exploit knowledge and skills for the benefit of commissioners and patients. There were pockets of excellence, but these were only available to a limited number of commissioners. The rationale for creating CSUs has been to: enable development of centres of excellence in commissioning support; make leading-edge commissioning support expertise more readily accessible to all commissioners; and free up clinical commissioners to lever their clinical leadership to commission services for the benefit of patients.

Developing fully autonomous CSUs

5. By April 2016 CSUs will be fully autonomous – that is, be outside the direct control and ownership of NHS England. Full autonomy will give CSUs the freedom, access to capital, and access to external expertise and partnerships, to develop innovative, responsive, and leading edge services that better support commissioners to meet the QIPP challenge and respond to the recommendations of the Francis Inquiry report to 'grip' clinical service provider performance and quality. Successful fully autonomous CSUs will make a major contribution to creating an excellent commissioning system.

6. There are various options for achieving full autonomy. In the autumn, we will publish a strategy that sets out the potential options and timeline. At the heart of our strategy will be our commitment to supporting NHS CSUs to be as good as they can be, so that commissioners can be confident of being able to access high quality support from across the sector.

Risk

7. CCG choice of commissioning support provider and the creation of fully autonomous CSUs provide sharp incentives for CSUs to develop their business models in line with their core competencies and in reaction to customer requirements. Such an approach does, however, carry significant transition risks due to fragmented demand (more than 200 CCGs and other buyers such as NHS England) and a diverse supply-side (19 CSUs plus other providers), new and developing organisations, and gaps in the flow of information around the system. The creation of new organisations is complex; particularly so for CSUs, where staff are being required to compete for business for the first time, having previously operated within public authorities operating in a non-market environment. Considerable culture change is required within CSUs to enable a smooth transition to commercial/customer focused organisations that are able to compete for business and operate as sustainable businesses.

8. If the market is left completely unmanaged and uncoordinated, this could result in misalignment of demand and supply and long-term damage to the sustainability of the commissioning support sector and the health service. Consequences of unmanaged transition could include:

- Loss of service for CCGs and other customers and subsequent risks for patient services and health service providers
- A loss of core capabilities (staff exodus)
- Unmanaged failure of CSUs, leading to excessive restructuring costs

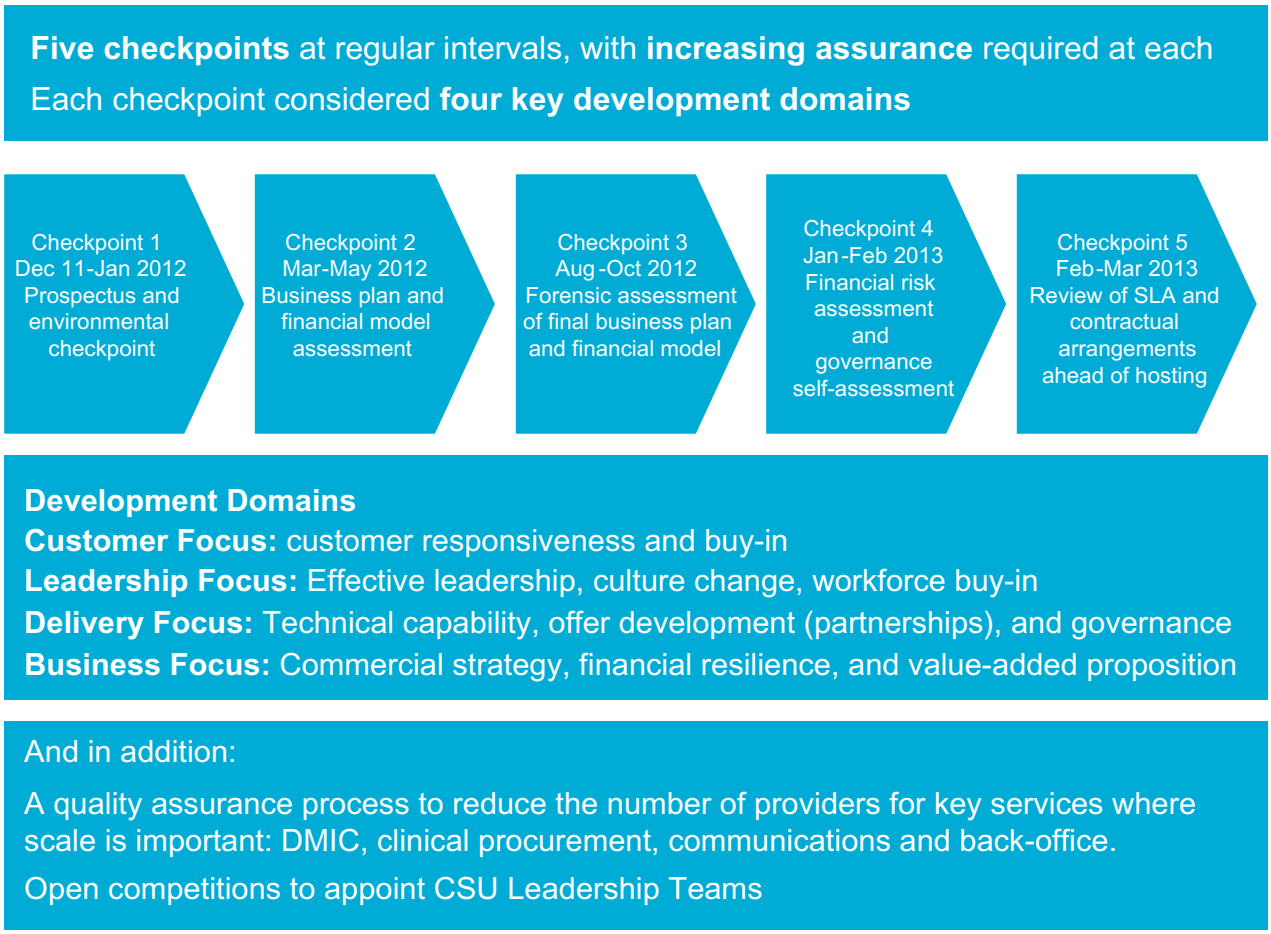
Approach

9. The CSU Development and Assurance Programme has been designed to support the development of CSUs into successful independent commissioning support providers and to ensure NHS England, as host, and the NHS system is not subject to unacceptable operational, financial or reputational risks.

CSU Assurance

10. A robust business review and assurance process has driven a process of CSU restructuring and consolidation that has resulted in 19 CSUs being accepted for hosting from April 2013. Figure 1 below summarises this assurance programme.

Figure 4: CSU Business Review and Assurance Process



11. Commissioners are clear at a high level as to what good commissioning support looks like and what they want from their providers. Providers need to:

- Proactively develop, sell and implement solutions to address the major challenges facing commissioners
- Harness the power of business intelligence to drive improvement to patient services

- Effectively manage day-to-day business ('the heavy lifting') to free up clinical leaders to drive service redesign and transformation.

12. To deliver value for commissioners, patients and the NHS, CSUs will have to reallocate resources to services their customers need and develop partnerships to ensure their service offer adds value to commissioners and delivers both commissioning at scale and supports transformational change. CCG freedom to choose the services they need and the provider(s) that best meet these needs, will drive the evolution of CSUs.

13. The assurance process during hosting will ensure that CSUs are able to evolve in response to commissioner needs, whilst managing the risks of undue disruption and unnecessary costs. It will support CSU leadership teams to test the sustainability of their emerging business strategies; these may lie on the spectrum between lead provider (through a mix of self-produced products and bought-in products) and niche provision (focusing on a limited set of commissioning support services and a strategy that includes selling their solution to other commissioning support providers as well as commissioners).

14. The assurance process during hosting is designed to ensure that stronger and improving CSUs have increasing autonomy to develop their business models, whilst managing risk to NHS England and the system by providing early warning of inadequate CSU performance, such as financial difficulties or failure to meet contractual obligations. For CSUs where further development is needed and autonomy is not yet appropriate, the CSU Transition Team will provide more tailored support to aid development. In the event of significant concerns about CSU performance and viability, the Transition Team will respond quickly with measures to mitigate risks and avoid system failure.

15. CSU assurance and the degree of assumed autonomy will be informed by:

- A balanced scorecard with indicators in four domains: customer; business; staff and other resources; and services
- Soft-intelligence about CSU performance (e.g. from customers)
- Ongoing CSU self-assessment
- Relationship managers who develop a strong understanding of CSU strategies and competencies and are able to test their strategic direction
- Performance against customer SLAs.

CSU Development

16. Whilst CSUs themselves are ultimately responsible for their own development during hosting, NHS England is committed to playing a key role in supporting their development by providing CSUs with sufficient autonomy and resources to develop their business models during hosting, enabling their partnership working, and by creating the operational environment which is conducive to their ability to flourish.

17. The CSU Transition team is supporting the commercial and organisational development of CSUs by:

- Funding skills development programmes for CSU senior and middle management teams. These have been developed in partnership with CSUs and are led by expert external organisations
- Providing access to operational working capital
- Exploring potential sources of capital to fund investment in service development
- Facilitating CSUs to partner with outside organisations and to buy in one-off support packages to develop their service offers.

18. Additionally, the CSU Transition Team will work proactively to identify common development issues amongst CSUs and will react to these as hosting progresses. This may include supporting the spread of best practice, possibly via implementation of guidance co-produced with CSUs and other industry providers.

19. CSUs will play a key role in supporting service redesign and transformation. To do so, they will need access to a wide range of skills and resources. NHS England will enable this by supporting:

- A partnership agreement between all CSUs and voluntary organisation members of ACEVO
- A partnership between NHS IQ and all CSUs to build the transformational capacity of CSUs and align their development support for CCGs.

Next Steps

20. The immediate next steps for NHS England are to:

- Ensure an excellent range of development interventions are available to support CSUs to succeed
- Continue to explore the scope for creating a more conducive operating environment whilst hosted
- Develop a transparent process and rules for CSUs to access operational working capital during hosting
- Develop a transparent process and rules for CSUs to develop partnerships with external organisations to help widen their access to skills and resources

- Develop and agree an appropriate Change Policy for staff working in CSUs
- Design a simple and transparent dispute resolution process for commissioners and CSUs who are in dispute about their SLA
- Develop an assurance process for moving to full autonomy
- As part of the development of its strategy for autonomous CSUs, NHS England will consider what further freedoms may be needed during hosting to ensure that CSUs can achieve their full potential.

Appendix E
Creating a fair playing field for all commissioning support providers

The Challenge

1. Whilst the majority of commissioning support services are currently provided by NHS CSUs, we should not under-estimate the important potential contribution of other providers to add real value to CCGs and other commissioners.

2. Engagement at the recent Accelerated Solutions Event reiterated the need for strong collaboration between NHS CSUs, suppliers from the independent sector, the niche services of the voluntary sector and the experience and capabilities of local authorities. Many organisations in these sectors have been successfully supporting and working in partnership with the NHS for many years – including in commissioning support services.

3. It is crucial that in developing commissioning support services, we develop a fair playing field that enables all potential parties to contribute and offers commissioners genuine choice.

4. For this reason, we believe that (a) we should establish a fair playing field for all providers, regardless of ownership and (b) we should co-produce key commissioning support services policies and tools.

Ensuring fair and transparent procurement and contracting

5. We need to ensure that procurement practices, quality specifications and standards and contractual terms are fair, transparent and proportionate, and do not create barriers to participation. Our initial proposals are set out in the accompanying procurement consultation.

Managing the transfer of staff between providers

6. With open competition for contracts – and the interim CSU switching process – an organisation may be replaced by another to deliver commissioning support services. It is important that such a change of managing organisation does not result in the loss of staff with expertise and experience, nor result in significant bills for redundancy payments. All providers and commissioners from whichever sector – including CCG in-house/shared provision – will be required to ensure that staff transfer between the

organisations concerned in an orderly manner. This includes the transfer of staff from CSUs to CCGs under TUPE/COSOP rules where CCGs take services in-house.

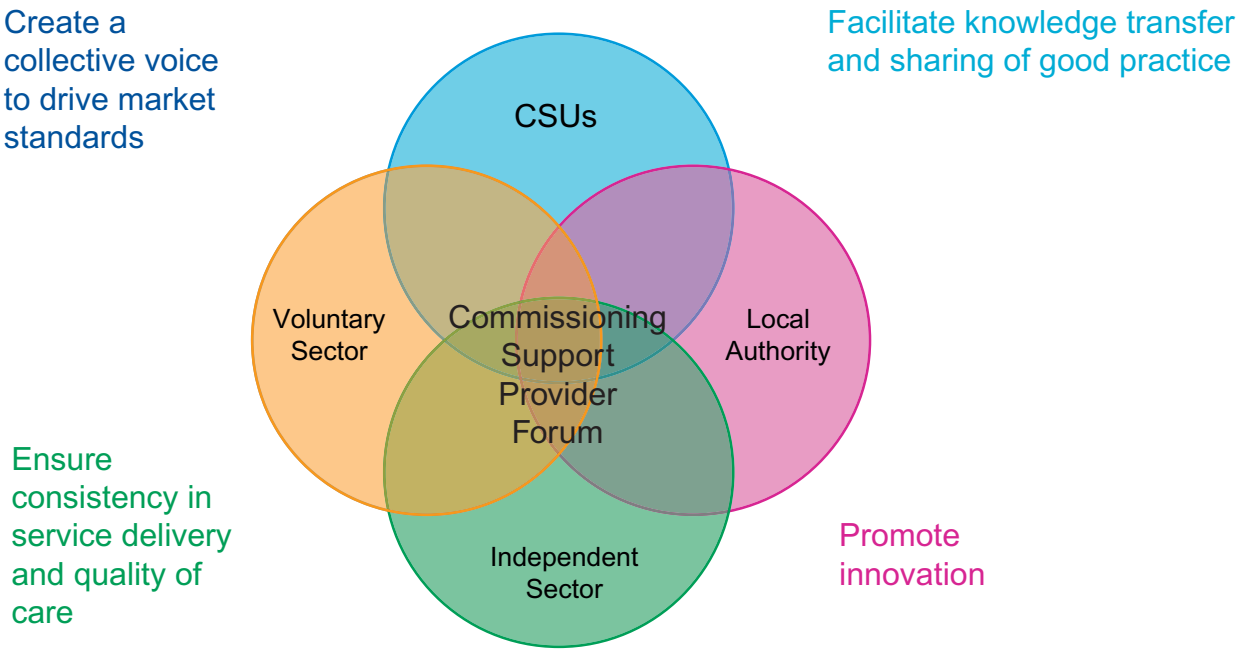
A forum for providers of commissioning support services

7. At present, NHS England engages with a variety of different stakeholders. This is inefficient and can constrain provider voice, especially those of voluntary organisations and small and medium enterprises (SMEs). We therefore propose (subject to support) to bring these groups together to create a single collaborative provider forum to:

- Inform the development and implementation of the market strategy and underpinning products, and
- Identify opportunities for partnership working in order to create a blend of innovative service offers that enable CCGs and other commissioners to tackle the strategic QIPP and transformational change challenges

8. We propose to bring these groups together to facilitate the sharing of good practice and continuous improvement, utilising both NHS and wider market skills to identify and develop solutions to drive efficiencies.

9. We would continue to engage with the existing CSU Managing Directors group for purposes of market management and development.



Engagement and integration of the voluntary and SME sectors

10. Voluntary organisations and SMEs can add real value to CCGs, for example, through patient and public involvement (PPI); outcomes based commissioning/provision; value-based care; needs assessment; patient and user involvement; social model of care; and enabling people to take more control over their own health.

11. Voluntary and SME organisations could participate directly, or in consortia, or by partnering with, or providing services through emerging CSUs or larger independent providers (i.e. through lead provider arrangements). This will make it easier for both CCGs and niche providers to manage their customer-supplier relationships. Understandably, many voluntary organisations, CSUs, private providers, CCGs and other commissioners are keen to explore this further.

12. A key theme from the Accelerated Solutions Event and on-going engagement was that in developing approaches to procurement and contracting we should not create barriers to entry, particularly for the smaller niche organisations who often do not have the capacity or resources of some of the larger private sector suppliers.

13. Participants also felt that there needed to be more engagement with voluntary and SME organisations to help them to consider how to add most value to CCGs and position themselves as potential commissioning support suppliers but also as key partners. Over the coming months we will be undertaking a range of specific engagement events to explore how NHS England can, as part of the commissioning support market strategy, support voluntary and SME organisations to play a greater role. We will focus on removing barriers to voluntary and SME organisations providing commissioning support services.

14. Following recent engagement between CSUs with the NHS improvement body (NHS IQ) and ACEVO (the Association of Chief Executives of Voluntary Organisations), partnership agreements have now been put in place which will enable CSUs to collaborate with these organisations to ensure CCGs and other commissioners can benefit from the full range of commissioning support services. We will continue to work with voluntary organisations to strengthen partnerships with CSUs and to widen the scope of the organisations engaged.

Engagement of Local Authority commissioners and providers

15. Participants at the Accelerated Solutions Event felt it was equally important that we engage closely with local authorities to promote an aligned approach between emerging commissioning support suppliers and local authorities.

16. The development of local Joint Strategic Needs Assessments (JSNAs) and Health and Well-being Boards represents the fundamental opportunity to agree commissioning decisions across the NHS/Local Government boundary, providing a central platform for joint commissioning support throughout the health and social care setting. This will bring a real step change in the delivery of commissioning support, redefining Local Authorities as not only partners commissioning with CCGs, but also as potential commissioning support provider organisations themselves. It is therefore vital that we work together to identify where they can add significant value.

17. We will work with local authorities, and representative bodies such as the Local Government Association, to explore how to fully include local authorities in the commissioning support market as both commissioners and providers. This will include engaging local authority representatives on NHS England's approach to supporting procurement, and in particular on how local authorities can access the proposed procurement framework as both buyers and providers.

Appendix F
Assurance of CCG in-house provision of commissioning support services

Context

1. A basic principle, set out within this strategy, is that CCGs are free to choose what commissioning support services they buy and from whom, in line with commitments made in the Mandate to NHS England.

2. Commissioners have several choices open to them when sourcing their commissioning support. These are:

   - In-house provision (*make*)
   - Shared in-house provision with other CCGs (*share*)
   - Buying from one or more external suppliers of commissioning support (*buy*)
   - Buying from one or more external suppliers of commissioning support in collaboration with one or more other commissioners (*buy collaboratively*)
   - Combination of the above (*mixed strategy*).

3. CCG buying strategies for commissioning support services will evolve over time as their needs and the capabilities of in-house and external suppliers develop. Most CCGs are currently employing a mixed strategy, with their requirements for commissioning support being met through two dominant sources: in-house provision and single purchaser agreements with their local CSU.

Objectives

4. In-house provision of commissioning support is an important component of the current supply of commissioning support and it is essential that there is insight into whether it is of necessary quality and provides good value for money. In assuring in-house provision, our objectives are to:

   - Support CCGs to assess the effectiveness of their commissioning support sourcing strategy and whether they have the right balance between in-house and external provision to support delivery of better patient outcomes and to secure the benefits of commissioning at scale
   - Safeguard patient and system interests, by ensuring that any mandated service quality standards for specific service lines apply to in-house providers as well as external providers

- Ensure the fair treatment of staff should a CCG be contemplating a significant contraction or expansion of its in-house provision, including the application of TUPE and COSOP rules.

Approach

Objective	Products and Process
Support CCGs to assess whether they have the right balance between in-house and external provision to support delivery of better patient outcomes	a) Provide a diagnostic tool to assess the pros and cons of different make/share/buy purchasing strategies for different commissioning support services. See Appendix A. This would include in due course an appropriate cost comparison site, including comparison between CCG in-house commissioning support and CSU costs. b) Publish guidance on collaborative procurement strategies – see Appendix B. c) CCGs will be requested to issue a short statement setting out their plans and timetable for securing commissioning support services. NHS England, as part of its current consultation on CCG assurance, will consider how it can make this an integral element of the CCG Assurance process. (Whilst the focus of the CCG Assurance process will be assessment of CCG progress in improving patient outcomes, this objective recognises that commissioning support services will be an important enabler of better commissioning and through this, better patient outcomes.) d) Financial audit of CCG accounts may include an assessment of value for money achieved from commissioning support services.
Safeguard patient and system interests, by ensuring that any mandated service quality standards for specific service lines apply to in-house providers as well as external providers	All providers, including in-house provision, will be required to evidence compliance with mandated minimum quality standards.

Ensure the fair treatment of staff should a CCG be contemplating a significant contraction or expansion of its in-house provision	Provide guidance on the application of the TUPE and COSOP rules governing staff transfers under different scenarios

Next Steps

- Co-produce with CCGs a simple template for reporting their plans and timetable for securing commissioning support services
- Develop a diagnostic tool to assess the pros and cons of different make/share/buy purchasing strategies for different commissioning support services (see Appendix A)
- Publish guidance on collaborative procurement strategies (see Appendix B)
- Identify commissioning support services where mandated standards may be required
- Commission advice on the application of TUPE and COSOP rules governing staff transfers to/from in-house provision
- Consult with CCGs, NHS Clinical Commissioning and the Commissioning Assembly on the best way of ensuring that in-house provision of commissioning support services by CCGs achieves the best outcomes for patients and value for taxpayers.

Appendix G
What success would look like

Patients

- Alignment with Francis Review: improved quality, reduced variation,
- Innovative and integrated models of provision
- Responsive 24/7 services focused on local health needs
- Patient personalisation
- Joined up system
- Excellent patient engagement
- Effective patient choice

Taxpayers

- Drive efficiencies:
  - In Healthcare providers
  - Provide scale
  - Real quantitative improvements
- Financial sustainability
- Quality
- Value for money
- Reduction in healthcare inequalities
- Better allocation of resources
- Increased "grip" on providers
- Increased commissioning value for money

CCG and Specialist Team Commissioners

- Delivering Patient Benefits & Outcomes
- Excellent affordable commissioning services providing value for money
- Freeing up Commissioners to deliver where they add most value to their local health economy
- Commissioners focused on transformational change
- Informed Commissioners
- Commissioning support that's affordable within the £25 per Head
- Choice with no geographic constraints
- Minimal transition difficulty to the new system

NHS England

- Responsible and accountable commissioning
- Delivering NHS England Business Plan objectives
- Effective Management of any further failures
- Reduced variation in primary care
- Joint commissioning
- Effective CSU Support for more Integrated Care (primary, secondary, tertiary and local authority) leading to system wide care improvements
- Support for challenged health economies embedded

CSUs/CSSs

- Competitive, sustainable & commercial CSUs fit for autonomy
- Effective partnership working and collaboration
- High reputation
- Employer of choice
- Satisfied Customers
- Skilled up, seen as contributing to one improvement methodology
- Positive Outcomes for Staff
- Meeting compliance, regulations and law
- Innovative
- CSUs enabled to be the best they can be
- Supporting Service Transformation

Market Development

- Competitive and sustainable market - low barriers to entry and exit
- A vibrant market with choice
- Innovative market
- Good range of providers
- Affordable pricing models
- Excellent geographic coverage
- Excellent service line coverage
- A market that understands and delivers a single improvement methodology

NHS England

Success for our stakeholders

This page presents what we anticipate success might look like by April 2016 for our main stakeholder groups.

Appendix H
How this strategy supports delivery of the Francis Inquiry recommendations and the Winterbourne View Review Concordat

Supporting delivery of the Francis Inquiry recommendations

Rec.	Recommendation:	How addressed in this strategy:
8	Contractors & their staff providing outsourced services should be required to abide by NHS values & the Constitution	There will be a requirement to include this in contracts for commissioning support services
127	NHS England and CCGs must be provided with the infrastructure & support necessary to enable a proper scrutiny of their providers' services, based on sound commissioning contracts (128 & 132)	The purpose of introducing a managed market is to ensure all CCGs and other commissioners have access to the necessary infrastructure and support
128	Commissioners must have access to the wide range of experience and resources necessary to undertake a highly complex and technical task, including specialist clinical advice and procurement expertise.	CCGs being able to access high quality procurement expertise will be a key feature of the market
132	Commissioners must have the capacity to monitor the performance of every commissioning contract …	Access to economies of scale and scarce resources through the market will support commissioners to achieve this within their running costs allowance
244-272	Information requirements	Opening the data market will strengthen the analysis, benchmarking and presentation of data in line with these recommendations

Supporting delivery of the Winterbourne View Review Concordat actions

- NHS England is working in partnership with other parties, including CCGs, to deliver the actions agreed under the Winterbourne View Review Concordat. These actions will improve care for children, young people and adults with learning disabilities or autism who also have mental health conditions or behaviour that challenges. The approach set out in this strategy will allow CCGs and NHS England to access the support they need to ensure the full implementation of the Concordat actions.

Annex

Case studies from a review of comparable public sector reforms

School buying Services

Market: Supply of goods and services to schools

Reform: Move from public sector provision (local authority) to open competition (1988 Education Reform Act)

Lessons for the commissioning support market

- A number of commissioning support services are characterised by economies of scale and care must be taken to ensure scale economies can be realised without stifling competition
- CCGs will need support to be informed and proactive buyers and to identify viable alternative suppliers
- CCGs have established relationships with CSUs and in some cases this may result in a lack of willingness to switch supplier even if significantly better services are available
- It is difficult for private providers to enter a market unless they have a well-defined route to access customers

Defence Technology (Privatisation of QinetiQ)

Market: Global Defence Security and Technology

Reform: Public sector monopoly provision to open competition

Lessons for the commissioning support market

- Retention of strategically vital assets in the public sector supports commercial freedom for the externalised entity
- A National Audit Office Report concluded that flotation proceeds could have been higher if greater account had been taken of prevailing market conditions and the internal readiness of QinetiQ to be a publicly listed company. For CSUs, there may be benefits in staging the move to full autonomy and linking it to capability
- Some degree of certainty over future income streams is required to access private finance. CSUs will require contracts obtained via an open and competitive process before achieving full autonomy
- Full autonomy can be an important enabler of sustainability and innovation

Forensic Services

Market: Supply of forensic science services

Reform: Shift from public sector provision to open competition

Lessons for the commissioning support market

- All parties would have benefited from the agreement of an overall strategy towards the design and management of the market. A transparent strategy setting out how NHS England intends to support the market to develop and manage the transition of CSUs should support emergence of a viable and innovative market
- A managed and transparent approach to procurement of commissioning support services would help to avoid disruption to services and support providers to understand and respond to market opportunities
- Some at scale commissioning support services may benefit from co-production of standard specs, although it is less clear that these should be mandated in a framework. Care must be taken not to over-standardise services, as this can stifle innovation
- CSUs should be granted commercial freedoms (subject to an appropriate assurance process) as soon as possible during hosting so they are able to compete against market entrants. Failure to do so, without co-ordinating procurements so that TUPE/COSOP fully applies, heightens the risk to NHS England of a large redundancy liability
- To deliver better outcomes for patients through commissioning, a good understanding is needed of the type of innovation commissioning support services must achieve

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