

PCT COMMISSIONING: A NEW NATIONAL 'COMMISSIONING SERVICES FRAMEWORK' GPC update and position statement, August 2006

The Department of Health published 'Health reform in England: update and commissioning framework' in July 2006. Attached at appendix 1 are extracts from this commissioning framework which refer to a recent development that will allow PCTs to procure differing levels of management expertise and support from the private sector in order to strengthen their commissioning skills.

A procurement exercise is currently underway to create a national 'Commissioning Services Framework', which will provide PCTs with a group of suppliers from which they can buy in the necessary services. Further details of this exercise can be found via the following website link: www.dh.gov.uk/ProcurementAndProposals/Tenders/RecentlyAwardedAndExistingTenders/RecentlyAwardedExistingTendersArticle/fs/en?CONTENT_ID=4137055&chk=i3NEiK

Some key points to note in relation to the 'Commissioning Services Framework' are as follows:

- It is for PCT Boards to decide whether or not to buy in any of the skills secured via the 'Commissioning Services Framework';
- If the PCT does wish to access services under the 'Commissioning Services Framework', they will conduct a locally managed competitive bidding process in order to choose between suppliers;
- The value of each procurement contract is for local determination and the funding will be "...commensurate to the PCT's commissioning management costs". Furthermore, there is no guaranteed national spend and the Department of Health can choose not to access any of the services secured under the 'Commissioning Services Framework';
- The four categories of services built into the 'Commissioning Services Framework' are: (i) Assessment & Planning; (ii) Contracting & Procurement; (iii) Performance Management, Settlement & Review and (iv) Patient & Public Engagement;
- There are three levels of service that a PCT can access: (a) a single service ('micro'); (b) one or more related group of services ('macro') and (c) a complete package ('end-to-end').

In addition, the Department of Health makes it clear that the commissioning function remains a statutory responsibility of the PCT Board and that the range of procured services does not extend to provider services.

If taken at face value, this development does not appear to signal a move towards PCTs losing their overarching commissioning responsibilities nor towards privatisation of the commissioning process and so at present, is not overtly worrying. The desired result of this programme should be an improved standard of PCT commissioning which in turn benefits the healthcare of patients and relationships between PCTs and clinicians.

The GPC does however have some concerns over this programme, as detailed below:

- *Validity of private sector involvement:* lessons from secondary care show that purchasing from the independent sector is not necessarily better, or cheaper, and in some cases, can prove detrimental¹; there has been similar experience at a primary care level, for example with PCT 'turnaround teams'. We are also unaware of evidence to suggest that

¹ Audit Commission and National Audit Office (2005) *Financial Management in the NHS* London: The Stationery Office Limited; House of Commons Health Committee (2006) *Independent Sector Treatment Centres* London: The Stationery Office Limited.

organisations with little or no experience of the NHS are able to do improve on the outcomes of the NHS;

- *Timing*: it could be argued that until the current transition of a large portion of commissioning responsibility from PCTs to GP practices is complete, it will not be possible to identify areas of real need for additional, third party involvement. The ordinary functioning of PCTs is already in a state of disruption as a result of PCT reconfigurations and any further distractions preventing PCTs from working effectively with GP practices in order to put in place practice based commissioning arrangements should be avoided;
- *Extra demand on limited resources*: PCTs will need to find resources within existing allocations in order to tap into this resource therefore we are concerned about the effects of resulting, additional budgetary pressure. In addition, any contracts PCTs do put in place under the 'Commissioning Services Framework' should be flexible in order to avoid being tied-into long-term arrangements for services that are no longer required;
- *Voluntary participation*: there must be no political pressure or even 'passive expectation' on PCTs to make use of this resource; and
- *Permissive of privatisation*: given that the wording of the actual contract notice is understated and in view of the extensive nature of a complete package of services, at the most extreme end of implementation, the 'Commissioning Services Framework' could enable a PCT to contract out almost all of its existing commissioning management functions to a private company.
- *Conflict of interest between purchaser/provider function*: it may be possible for PCTs to use European legislation governing procurement to place all of their functions into the private sector; effectively to move purchasing and providing all services into one company. Although it is unlikely that many PCTs will do this, the rules make it possible. LMCs will want to watch closely to ensure that this process is carefully and transparently managed so that the situation does not arise whereby a private company is in the position to purchase services from itself without check, regardless of the appropriateness and cost-effectiveness of those services and without consideration of other commissioning arrangements in the area.

We intend to keep a very close watch on implementation of the national 'Commissioning Services Framework' and where a PCT does opt to utilise the framework, we would wish to see the following principles upheld:

- The buying in of services is done openly, transparently and is a cost-effective use of funding;
- There is close working with practices undertaking practice based commissioning in order to ensure that the services that are bought in are fit for purpose;
- Purchasing and management details should be in the public domain; and
- The buying in of services should only take place where such intervention is essential.

At the GPC meeting in July 2006, there was some discussion of the commissioning function of PCTs being put out to private tender, as had been reported in the national press the previous month. The following statement was made in GPC news following the committee meeting:

"... The BMA as a whole has grave concerns about such a direction of travel and believes that the effective commissioning of patient care is a key function of the NHS; a message that has already been conveyed to the Department of Health.

Members pointed out that patient care should be at the heart of commissioning, as should the overarching ethos and ethics of a publicly provided health service and that the involvement of non-NHS, commercialised, private companies in commissioning could seriously undermine these principles. There was strong agreement that commissioning was a complex process which needed to involve both clinicians from all sectors and patients. ...”

These views and values prevail and it is from this position that the GPC will monitor and assess the developing situation. In order to be able to do so, we would be interested to receive reports from LMCs on the local implementation of the national ‘Commissioning Services Framework’ as, when and if this takes place; please email sal-zaidy@bma.org.uk.

A GPC summary covering other developments arising from the Department of Health publication ‘Health reform in England: update and commissioning framework’ is being produced and will be circulated in due course.

Extracts relating to the national 'Commissioning Services Framework' as found in the annex document of the Department of Health publication 'Health reform in England: update and commissioning framework', July 2006

“Shared commissioning business services

3.26 While the holding of contracts will be a PCT function, a range of commissioning and contracting support functions could be co-ordinated at a regional or supra-PCT level. These might include elements of needs assessment such as risk stratification, and functions like data collection and analysis. This would enable commissioners to share scarce skills and capabilities and reduce costs. PCTs, or groups of PCTs working together, will also want to consider how the private sector might be able to support them with these functions. Arrangements for engaging private sector support are described at paragraph 4.7.

...

Commissioning support services

- 4.7 Our vision for commissioning is challenging and will demand high levels of commissioning skills in PCTs and practices. The reconfiguration of PCTs will address some, but not necessarily all, gaps in capability and capacity. For many PCTs, buying in certain skills from companies with particular expertise in those areas could play a valuable role in strengthening commissioning. We are therefore undertaking a national procurement to support PCTs who wish to do so to 'call-off' a range of commissioning skills and services from the independent sector. Rather than undertaking many separate procurements, the NHS will achieve better value for money by DH procuring a single framework contract.
- 4.8 It is important that this procurement is seen in its correct context. PCTs have both a commissioning function for primary and secondary care and some responsibilities for directly providing primary care clinical services, particularly nursing and health visiting. This procurement relates **only** to the commissioning function and makes no assumptions about, nor does it have any implications for, the provider function. The commissioning function is and remains a statutory responsibility of the PCT board. The board remains accountable for the effective discharge of the function and cannot delegate this accountability to any other body.
- 4.9 PCTs will need excellent skills, for example in actuarial and population risk assessment, data harvesting and analysis, social marketing, opinion surveys, service evaluation and redesign and procurement. PCT boards may decide that these skills can best be bought in from companies with a particular expertise. This is a judgement for the boards to make.
- 4.10 The procurement will be structured in a way that will facilitate choice by PCTs – either of a particular service, a group of services, or a complete package. It will provide a menu of expert services to choose from, offering the best expertise at the best value to support them in improving the effectiveness of commissioning. For further information on the procurement go to: www.dh.gov.uk/ProcurementAndProposals/Tenders”