


# Commissioning



*We believe it is crucial to get the reform of NHS commissioning right if the service is to confront the massive financial challenge it now faces (Stephen Dorrell MP, Former Health Secretary).*



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## Introduction

Recently, commissioning has become an important term of UK public policy. The process can be applied to a wide range of levels. For example, the National Health Service commissions services at a high strategic level for hospitals or prescribing budgets, whereas local authorities apply the term to services at all levels from the individual upwards (Mead, 2004).

Many practitioners suggest that commissioning is synonymous with procurement. For example, Davies (2007) argues that 36% of practitioners support this position and CIPS CEO David Noble suggests that it is "synonymous with strategic procurement. In fact, it is strategic procurement" (Noble, 2011). Others argue that commissioning is a further stage of the evolution from purchasing and procurement. Thus, in public sector terms commissioning means the process of working out what services citizens want/need, contracting with organisations to deliver those services in an effective manner, and monitoring performance (e.g. GPs commissioning health services, local authorities commissioning social care, welfare services or waste management services). Similarly, traditional procurement assesses organisational requirements, works out how to source that requirement from the market, selects/contracts with suppliers and monitors performance. The difference lies in the nature of the recipient: while procurement deals with organisational-level needs, commissioning is used to meet the requirements of many individuals across the country (Smith, 2011).

Commissioning has a long lifecycle and various factors must be taken into account during the process. These may include: (1) A common set of values that respects and encompasses the full diversity of individual difference; (2) An understanding of the needs and preferences of present and future service users; (3) Comprehensive mapping of services and a vision of how local needs may be better met are significant factors to be considered; (4) A strategic framework for procuring all services within determined guidelines and the successful inclusion of all relevant data on finance, activity and outcomes (Mead, 2004).

## Definition

Commissioning is the process of specifying, securing and monitoring services to meet individual needs at strategic level. The UK Cabinet Office defines the commissioning process as the cycle of assessing the needs of people in an area, designing and then securing appropriate services. Commissioning can be applied to all services whether they are provided by the local authority, or by private or voluntary sectors (Mead, 2004; Murray, 2008).

## Successful Application

In order to ensure successful implementation of the commissioning process, the following issues should be considered: (1) Agreeing on the parameters within which a contract will be framed in order for organisations to collaborate with a commissioning body; (2) A number of providers who have responded to the tender or proposal should be carefully considered based on the needs and strategy of the organisation; (3) Developing an action plan is important both for selecting commissioning bodies and throughout the commissioning process in order to

achieve targets; and (4) Commissioner testing of responses to the project is essential (Kerslake, 2006).

## Steps to Successful Application

- Assess needs through a systematic process.
- Describe services and gap analysis: review the services currently provided and based on the needs, defining the gaps.
- Decide priorities: given a list of desirable actions, using available evidence of cost effectiveness and based on a robust and defensible ethical framework, prioritise areas for purchase.
- Perform risk management: understand the key risks and decide on a strategy to manage it.
- Bring together all the available information into a single strategic commissioning plan.
- Implement contract: put those strategic plans into action through contracting.
- Support provider improvements or introduce new providers to deliver the services required. This includes supporting providers in decommissioning of services (where appropriate).
- Manage provider performance: monitor and manage the performance of providers against their contracts, especially against key performance indicators (KPIs).

## Hints and Tips

- The commissioning body should understand the needs of users and of other communities by ensuring that consultees will reach specialist knowledge (Murray, 2008).
- It is vital that outcomes for users should be at the heart of the strategic planning process (Murray, 2008).
- Commissioners should map the fullest practical range of providers with a view to understanding the contribution they could make in delivering the necessary outcomes (Murray, 2008).
- The commissioner should consider investing in the capacity of the provider base, particularly those working with hard-to-reach groups (Murray, 2008).
- All parts, and especially the commissioner, should ensure contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including considering sub-contracting and consortia building where appropriate (Murray, 2008).

## Potential Advantages

- Commissioning keeps the primary focus on the needs of service users without having the burden of considering the providers (Mead, 2004).
- Commissioning sets out a framework for deciding how best to deploy resources strategically and tactically in order to achieve objectives, making best use of the strengths of the statutory, voluntary and private sectors (Mead, 2004).

- Commissioning encourages constructive dialogue between different stakeholders through a transparent process and helps to identify appropriate partners based on shared objectives (Communities and the Local Government, 2008).

## Potential Disadvantages

- Progress in implementing the commissioning process is usually slow and patchy and there might be significant inconsistency between different parts of the country (Murray, 2008).
- One of the problems that usually accompanies commissioning is that commissioning bodies can be too passive vis à vis providers. Thus, poor management of relationships with providers and a failure to engage in constructive performance discussions to ensure continuous quality improvement is a weakness commonly encountered (House of Commons, 2010).
- Failing to improve quality of service is another weakness of commissioning bodies. More specifically, debates about quality and outcomes must put more effort on defining service specifications and standards and, therefore, increasing quality levels (House of Commons, 2010).

## Case Studies

- The National Autistic Society (NAS) used a pre-placement contract to facilitate the commissioning process. Monitoring and audit were well-evidenced because of the requirements and focus of care plans and personal education plans on individual needs. In two years around 20% of NAS' school placements were provided for under this contract which is between 80-100 placements and amounts to about £5m income from the 80 local education authorities using this arrangement (NCVO, 2006).
- In 2004 Leicestershire Council Social Services commissioned three separate providers to provide both mainstream and respite residential children's provision. Thus, social services were able to achieve a range of benefits: fixed costs - the only additional annual cost to the contract is inflation, any other additional costs must be borne by the provider. As the property was owned by the provider, so neighbourhood issues were removed and the contracted units were part of a wider network of provision when negotiating purchases (Mead, 2004).
- The Borough of Bexley had a commissioning strategy with a concurrent but separate transfer of the Council's homecare and residential home service for older people to the independent sector. Commissioning ensured monthly monitoring of the strategy. Combining hard data (volumes and benchmarking costs) with softer data (professional opinion, satisfaction surveys and feedback) were strong features of the commissioning model. Contract monitoring meetings ensured that the strategy was a living document, an integral part of the quality assurance and performance management (Mead, 2004).

## Further Resources/Reading

### Web

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- BBC on commissioning. [www.bbc.co.uk/commissioning/](http://www.bbc.co.uk/commissioning/)
- Commissioning-governmental policies  
[www.publications.parliament.uk/pa/cm201011/cmselect/cmhealth/796/796vw02](http://www.publications.parliament.uk/pa/cm201011/cmselect/cmhealth/796/796vw02).
- Commissioning-governmental documents  
[www.publications.parliament.uk/pa/cm200910/cmselect/cmhealth/268/268i](http://www.publications.parliament.uk/pa/cm200910/cmselect/cmhealth/268/268i).
- Commissioning organisation. [www.commissioningsupport.org.uk/](http://www.commissioningsupport.org.uk/)

## Books

- Commissioning and Purchasing (The Social Work Skills Series) Bamford ISBN 978-0415247436
- Total Purchasing – a Model for locality Commissioning, Smith, Butler & Powell ISBN 978-1857751468
- Commissioning for Health and Well-Being, Glasby ISBN 978-1847427922
- Effective Commissioning, Light ISBN 978-1899040551

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## Video

[https://www.youtube.com/watch?feature=player\\_embedded&v=Puzz2QAU45E](https://www.youtube.com/watch?feature=player_embedded&v=Puzz2QAU45E)

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