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Environment, Community and Local Government

Commissioning in Human, Social and Community Services - A Rapid Evidence Review

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CES
CENTRE FOR EFFECTIVE SERVICES

Authors

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Acronyms

CLG	Community and Local Government
DCYA	Department of Children and Youth Affairs
DoH	Department of Health
DPER	Department of Public Expenditure and Reform
EPPI-Centre	Evidence for Policy Practice Information and Co-ordinating Centre
HSE	Health Services Executive
IPC	Institute of Public Care
JSNAs	Joint Strategic Needs Assessments
NDA	National Disability Authority
NEF	New Economics Foundation
NHS	National Health Service, UK
NPM	New Public Management
OBA	Outcomes Based Accountability
PbR	Payment by Results
RBA	Results Based Accountability
SICAP	The Social Inclusion and Community Activation Programme
SLA	Service Level Agreement
Tusla	The Child and Family Agency
VfM	Value for Money

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Executive Summary

Background

The Departments of Public Expenditure and Reform, Children and Youth Affairs, and Health procured the Centre for Effective Services (CES) to conduct a rapid evidence review on Commissioning. The review examined the evidence base on the concept and application of Commissioning in human, social and community services in order to achieve better outcomes for service users. It explored definitions and models of Commissioning; the benefits, challenges, outcomes and cost of Commissioning; key concepts and features of Commissioning processes; and key considerations for introducing Commissioning in Ireland. The methodology employed in this review involved desk-top research to identify relevant national and international literature, which was supplemented by interviews with a number of experts. Databases and electronic journals were searched using a combination of key terms and relevant international websites were searched to identify literature from governments, agencies and research centres.

Most of the literature on Commissioning emerges from the UK, where the concept of Commissioning evolved in the 1980s and where most of its application has occurred. Literature from other countries such as Australia, New Zealand and Finland was included where available. Because of the differences in scale, policy and funding models between Ireland and the UK, there may be limitations in applying lessons emerging from the UK in an Irish context.

The initial approach to Commissioning in the UK was associated with the introduction of competitive tendering. More recently, there has been an emphasis on Commissioning to achieve better outcomes for service users, and an onus on service providers to prove the impact of their provision. The achievement of better outcomes is a rationale for Commissioning commonly cited in the literature. Other rationales include: delivery of innovative and effective services; increasing choice and personalisation of services; better understanding and response to the needs of populations; assuring quality of provision; achieving value for money; and developing more integrated, joined up service provision.

In Ireland, there is growing interest in the application of Commissioning approaches and elements of Commissioning processes are in place in some sectors. These include assessment of need to inform service priorities, using evidence to inform service design, purchasing, procurement, and monitoring and evaluation of outcomes. In more recent years, there have been developments in the thinking and application of Commissioning by a number of public bodies and agencies, and growing interest by the Community and Voluntary sector in the implications of Commissioning.

Key Messages from the Literature

1. There is lack of consensus on how to define Commissioning and related terms

There is a diverse range of definitions of Commissioning and related terms, such as purchasing and procurement, which are often used interchangeably as having common meaning. The differences between definitions reflect diverging purposes and objectives of Commissioning, and a lack of coherence in how these purposes and objectives have been realised in practice. In order to distinguish particular approaches to Commissioning, an array of terms have been applied to Commissioning, such as *Strategic Commissioning* and *Outcomes-Based Commissioning*, leading to even greater complexity.

Despite the lack of clarity in the literature, Commissioning is commonly understood as *a strategic process to link resource allocation with meeting assessed needs,* achieving better outcomes for service users, value for money and high quality services. For example, the National Audit Office in the UK defines Commissioning as "the process of specifying, securing and monitoring services to meet people's needs at a strategic level. This applies to all services, whether they are provided by a local authority, NHS, other public agencies or by the private and voluntary sector".[1]

Some definitions seek to clarify Commissioning by distinguishing it from narrower processes such as procurement or competitive tendering, or individual elements such as contracts or provider competition. A range of funding and delivery options is at the disposal of Commissioners, including public service delivery, grants, tendering, or forms of contracting known as alliance contracting.

2. There are a variety of Commissioning models, many of which share common elements

A number of Commissioning models are being implemented across jurisdictions. Most of these models emerge from the UK and whilst other countries have a range of systems for delivering and funding public services, few align neatly with a Commissioning approach. Although there is variety, there are common elements across models:

- Models adopt a cyclical approach, each with a set of phases or stages associated with particular tasks
- The assessment of needs is typically the first stage of Commissioning. It involves assessing population/care group needs and challenges and examining best practice for the delivery of high quality, cost effective services and approaches to meeting these needs
- Strategic outcomes and priorities for investment, disinvestment, and service redesign are agreed
- Mapping and reviewing existing provision identifies gaps, duplication, the level of integration, and opportunities for improvement
- Service models are designed and developed that should achieve identified outcomes, based on available evidence and aligned with priorities and funding allocation. Financial, workforce and operational implications and risks are also taken into account
- Management of the provider pool and procurement decision-making aims to ensure a good mix of service provision, involving both existing providers and, where appropriate, new providers
- The purchasing of services and management of contracts can be a distinct stage
- Decommissioning occurs where appropriate, involving the planning and managing of reduction in service activity or the termination of a service contract in line with Commissioning objectives, and having regard to new evidence or changes in funding circumstances or needs
- Monitoring and evaluation is typically the final stage of Commissioning models to assess progress and drive decision-making on service priorities and improvements.

[1] Bovaird, T., Dickinson, H., & Allen, K.(2012). Commissioning across Government. Review of Evidence. Birmingham: Third Sector Research centre, p. 8

The evidence suggests that all Commissioning should be guided by a common framework and principles, regardless of the level at which Commissioning is applied and that if Commissioning is understood in its broadest sense as a strategic planning process, it is difficult to envisage examples of services that could not be part of a Commissioning process, including public service delivery.

There are many levels and forms of Commissioning models, many of which are aimed at achieving more integrated and coordinated provision

Commissioning models have been applied across a range of levels, from locally-based Commissioning by agencies or local authorities to central government Commissioning across a range of services. Local Commissioning is the most common form of Commissioning identified in the literature. Approaches to joint and integrated Commissioning have been developed aimed at achieving more integrated, joined up service provision. Approaches used within Commissioning models to achieve this include conducting joint needs assessments across agencies, pooling budgets, and developing structures and processes to support integrated provision across health and social care (e.g. integrated management teams).

3. A key rationale for Commissioning is to improve outcomes for service users, although there is limited evidence to date that Commissioning approaches result in better outcomes

There has been an increasing emphasis on the achievement of outcomes in Commissioning approaches. The movement towards a focus on the ends rather than the means of service provision has been described as *outcomes-based Commissioning*. Different models adopt different processes relating to the use of outcomes data. These processes include designing services on the basis of the outcomes they have been demonstrated to achieve, ongoing measurement and assessment of outcomes to establish the effectiveness of services, specifying contracts on the basis of the outcomes to be achieved rather than the services to be provided, and paying providers on the basis of progress towards the achievement of outcomes.

However, measuring and demonstrating outcomes for service users can be challenging, particularly for preventive services. Some service users and communities have complex needs and seeing any change in health and wellbeing outcomes may take many years. In other cases, there is insufficient research to guide the design of services on the basis of outcomes achieved through evaluation, and experimentation is required. Even when outcomes can easily be specified and measured and positive effects can be seen, it can be difficult to know if the service provided was what caused this change due to the range of other factors that influence peoples' lives.

The rapid review of the literature examined the evidence on the impact of Commissioning. The evidence base is largely made up of case studies and grey literature, rather than rigorous evaluations published in peer-reviewed academic publications. The quality of the studies identified were generally weak, due to methodological challenges and biases. Limited evidence for the impact of Commissioning on outcomes for service users was found. This may not be surprising due to the complexity of the processes involved, the challenge of attributing change to Commissioning, and given the range and diversity of the strategic policy objectives that Commissioning is expected to meet.

4. There is a range of benefits, risks and costs associated with Commissioning

The benefits of Commissioning reported in the literature relate to envisaged benefits and case studies, as opposed to benefits measured by systematic evaluations. The rationales for

Commissioning are articulated as targeting of resources, higher-quality service provision, and value for money. Commissioning processes can increase service user choice and achieve better value for money. The challenges and risks identified tend to relate mainly to the possible impact of competition, markets and tendering, rather than to risks attributed to the wider understanding of Commissioning as a form of strategic planning and resource management. The evidence suggests Commissioning can have the potential to destabilise the pool of providers, especially where a few major providers supply a range of interdependent services, or where present provision is a poor match for population needs. There is also the risk of providers 'cherry-picking' clients with less complex needs. The particular risks identified for the Community and Voluntary sector include losing local knowledge and assets, erosion of the 'ecosystem' of voluntary activity, diversion of resources to application writing, and reducing the sustainability of organisations.

There is limited evidence on the costs of Commissioning and no cost benefit studies were identified in the literature.

5. Building readiness and capacity for Commissioning are key precursors to the effective introduction of Commissioning

In order to overcome barriers, risks and challenges to Commissioning, a number of activities have been reported to build readiness for Commissioning. These include providing clarity and coherence on the purpose and model of Commissioning, building trust and a shared vision, and strong leadership. Complex infrastructure is required for Commissioning processes. Expert knowledge and technical skills need to be developed for both Commissioners and providers in a wide range of areas such as needs analysis, service user engagement, data and information management, service design and planning, procurement, contracting, governance, and evaluation.

Conclusion

Commissioning, when used as a strategic planning approach linking resource allocation with meeting assessed needs, has a strong rationale. Using evidence of need and best practice to underpin spending decisions, rather than funding on the basis of historical spending and funding patterns, is a logical approach. The challenge is to ensure that all of the ingredients of a strategic approach are in place and are implemented according to their purpose, without undermining existing systems that are working well. The introduction of a Commissioning framework in Ireland would need to take account of the historical role of the Community and Voluntary sector, legislative requirements, and the cultural and political context. A proportionate approach would be necessary so that the benefits outweigh the costs of the processes and infrastructure required. Section 7 in this report sets out the key questions to be considered and points to the infrastructure and capacity needed for Commissioning.

Section 1: Introduction

There is a growing interest in exploring the application of Commissioning in Ireland and internationally. Different models and approaches to Commissioning are being trialled and implemented in a number of countries including the UK, New Zealand, Australia and the USA. In Ireland, the government is currently exploring different approaches to Commissioning and examining how the funding system for human, social and community services can be improved to achieve better outcomes.

The Departments of Public Expenditure and Reform, Children and Youth Affairs, and Health hosted a conference entitled 'Commissioning for Better Outcomes' in November 2014. The purpose of the event was to promote an outcomes-focused approach to social services planning and provision; to share models of good practice in and across respective sectors; and to engage with key leaders to identify the challenges to delivering this agenda.

Subsequent to this, the Departments procured the Centre for Effective Services (CES) to conduct a brief evidence review on Commissioning. It is intended that this review will inform a planned consultation process with relevant parties on the development of an outcomes-focused Commissioning model in Ireland, which will include commissioners, intermediaries, service providers and service users.

1.1 Commissioning in Ireland

Elements of a Commissioning process have been in place in some sectors and areas for a considerable time. Examples include:

- Use of Service Level Agreements (SLAs) between the HSE and Voluntary Organisations providing a wide range of health and social care services[2]
- Provision of the JobPath programme, operated by the Department of Social Protection, through a competitive tendering and commercial contracting process using a 'payments by results' model[3]
- Public procurement and competitive tendering approach for the Social Inclusion and Community Activation Programme, SICAP, operated by the Department of Environment, Community and Local Government[4]
- Needs and outcomes-focused approaches to service delivery under two programmes co-funded by the Department of Children and Youth Affairs and The Atlantic Philanthropies, namely the Prevention and Early Intervention Programme and the Area-Based Childhood Programme.[5]

In recent years, there have been developments in the thinking and application of Commissioning by a number of public bodies and agencies, including the Child and Family Agency (Tusla), the National Disability Authority, the Department of Health, and the Health Service Executive (HSE), and growing interest by the community and voluntary sector.

[2] Further information on SLAs at http://www.hse.ie/services/publications/Non_Statutory_Sector/
[3] Department of Social Protection (2015)
[4] https://www.pobal.ie/FundingProgrammes/Social%20Inclusion%20and%20Community%20Activation%20Programme%20(SICAP)/Pages/default.aspx
[5] http://www.dcya.gov.ie/docs/Area_Based_Approach_to_Child_Poverty_Initiative/2574.htm

The Child and Family Agency, Tusla, recently developed Commissioning Guidance for child and family services in Ireland[6], which aims to improve outcomes for children and families whilst promoting the principles of effectiveness, equity, proportionality and sustainability. Tusla is currently preparing to implement this new Commissioning model. The Department of Health is commencing the development of a policy framework on Healthcare Commissioning, as identified in the Minister for Health's published priorities in January 2015.[7]

A number of national reports and reviews have called for the development of Commissioning frameworks. For example, a key recommendation in the Value for Money and Policy Review of Disability Services in Ireland[8] was the need for the HSE, in consultation with the disability sector, to move towards a new Commissioning and procurement framework. '*Future Health*', the strategic framework for reform of the health services, published in 2012, envisages the setting up of a Healthcare Commissioning Agency, as part of wider restructuring plans for the HSE.

There have been debates and consultations on the implications of transitioning to Commissioning models and frameworks in recent years, particularly amongst the community and voluntary sector. In 2011, the National Disability Authority (NDA) conducted a consultation and expert seminar to inform the development of a Commissioning framework for disability services. Key questions explored included: is Commissioning a good tool to deliver choice for service users; what training and competencies do staff who are Commissioning services require; what are the implications for service providers and service users; and what are the advantages and disadvantages of introducing Commissioning; and how to transition to a Commissioning framework.[9]

1.2 The role of the Community and Voluntary sector in service provision in Ireland

As will be evident throughout this Report, there is a strong focus in the discourse about Commissioning in the UK context on the implications of Commissioning for the Community and Voluntary Sector (or Third Sector as it is termed in the UK).

The role of the non-profit sector in Ireland, particularly the Community and Voluntary Sector which can be considered as a distinct body of organisations within the non-profit sector, is arguably different and unique. Its historical involvement in the delivery of social services has implications for the introduction of a Commissioning model. A huge range of health, social care and education services have been initiated by organisations in the Community and Voluntary sector, rather than by the state, ranging from large church-based organisations to smaller local community groups. The state has relied on the sector to provide many services, and enabling legislation has provided for the current system of grant-based funding in the health sector.

[6] Child and Family Agency, 2013
[7] http://health.gov.ie/wp-content/uploads/2015/01/Profile-Table-of-Priority-Areas-Actions-and-Deliverables-for-the-Period-2015-2017.pdf
[8] Department of Health, 2012
[9] National Disability Authority, 2011

1.3 Purpose of this review

The purpose of this review was to conduct a rapid appraisal of the evidence base relating to the concept and application of Commissioning in human, social and community services in order to achieve better outcomes for service users.

The objectives of the review were to:

- Identify the range of definitions of Commissioning and propose a working definition of the term for consideration in an Irish context
- Identify different models of Commissioning and which models are commonly applied in practice (internationally and in Ireland), the geographical basis for implementation of the model, and the administrative arrangements which apply
- Examine the evidence on the implementation of various models of Commissioning, the benefits and challenges associated with each of these models, and learning on how models can be successfully implemented
- Identify Commissioning arrangements that most effectively promote integration of services from different providers, both within the same sector and across different sectors
- Ascertain the implications for systems and capacity-building in transitioning to a Commissioning model and determine effective strategies for transitioning, particularly from block grant systems
- Identify contexts in which Commissioning models are suitable and appropriate, and contexts in which they are not
- Provide recommendations on the principles for Commissioning and potential models that could be adopted in Ireland, including Commissioning in collaborative as well as competition based systems.

1.4 Approach and methodology

The methodology employed in this rapid evidence review involved:

- Desk-top research and documentation searching to identify relevant national and international literature and resources. Relevant bibliographic databases and electronic journals were searched using a combination of key terms such as 'Commissioning', 'contracting out', 'outsourcing', 'procurement', and 'public private partnerships'. Relevant international websites were also searched to identify literature from governments, agencies and research centres. Searches were restricted to material published post-2004 and in the English language
- Interviews with a number of individuals with expertise and experience of Commissioning to explore experiences, benefits and challenges of adopting various Commissioning models and approaches. A list of experts consulted is presented in Appendix A
- Review of literature using a standardized extraction template and synthesis and presentation of the evidence according to key themes
- Identification of key messages and questions relating to Commissioning, drawing on CES' wider understanding of the system.

Note of caution

This review was conducted in a tight timescale. It is therefore a rapid synthesis of the literature and incorporates evidence from a limited number of interviews. It does not purport to be a systematic

review of the literature. Most of the evidence relates to the UK as this is where the majority of thinking and application of Commissioning has been conducted and documented. However, literature from other countries, where available, including New Zealand, Australia, and Finland is also included. Experts consulted could not readily identify other experts and literature from European countries using a Commissioning approach.

It is difficult to separate an examination of Commissioning from the wider literature dealing with public sector reform, and from the vast literature on models for funding high quality, effective and efficient public services. This literature is especially extensive with regard to the funding of health services internationally.

Any model of Commissioning must also be viewed in the context of the history, policy frameworks, administrative structures and funding models within which Commissioning happens or is planned. These caveats must be borne in mind when reviewing 'abstract' accounts of international models of Commissioning.

1.5 Structure of this report

This rapid evidence review on Commissioning is presented in seven sections.

- Section 2 provides an introduction to the concept of Commissioning and explores the range of definitions and rationales applied
- Section 3 examines a range of approaches and models of Commissioning and outlines the tasks associated with each of these models
- Section 4 examines types and levels of Commissioning, including Integrated Commissioning and Joint Commissioning
- Section 5 examines the benefits, risks, costs and impact of Commissioning
- Section 6 outlines the learning from the literature on implementing a Commissioning process and building capacity and readiness for Commissioning
- Section 7 summarises the key learning from the review of the evidence and the implications of the findings in relation to Commissioning in an Irish context.

Section 2: What is Commissioning?

2.1 The background to Commissioning

Commissioning has evolved as a concept since the 1980s and much of the thinking about Commissioning has been done in the UK, the US and New Zealand, and to a lesser extent, some northern European countries.

The literature traces the evolution of Commissioning in the UK to the New Public Management (NPM) approach[10] that emerged in the 1980s, and which led to the introduction of Compulsory Competitive Tendering, market testing, the purchaser-provider split, and 'mixed economy of provision'. This overall approach is seen as being the precursor of 21st century adoption of the choice agenda and personalisation of services.[11] A 'second wave' of thinking about Commissioning saw a shift to 'strategic Commissioning' associated with the '*Every Child Matters'* White Paper and the strategic Commissioning framework for the Children's Act 2004.[12] The growing emphasis on *Commissioning for Outcomes* has been a key feature of recent government policy, often linked to particular payment mechanisms such as Payment by Results (PbR).

The literature highlights the intrinsic links between Commissioning in the UK context and the view of UK governments regarding the extent of the role of the state in the provision of public services. The recent challenges of managing public sector deficits are also bound up with Commissioning as a means of securing best value for shrinking public resources.[13]

2.2 The rationale for Commissioning

The rationale set out for Commissioning by various state bodies in the UK gives an insight into the underlying policy directions that drive Commissioning, the policy imperatives, and the benefits that are envisaged to flow from Commissioning. Delivery of innovative, effective, efficient and quality outcomes for service users and populations, as well as increasing choice, are the purposes appearing routinely in the literature**.** Commissioning aims to ensure that the most effective services are funded and implemented to meet identified needs.

The rationale advanced by the Open Public Services White Paper,[14] for example, refers to increasing choice, opening up services to a wider range of providers, devolving decision-making to the lowest appropriate level and making public services more transparent, effective and accountable.[15] It is seen as a means of joining up resources to focus on improving outcomes for citizens in the most efficient and effective way.[16]

Another account of the rationale sets out aims for Commissioning across values, outcomes, operations, relationships:[17]

[10] New Public Management (NPM) is defined as 'deliberate policies and actions to alter organisational structures, processes, and behaviour to improve administrative capacity for efficient and effective public-sector performance' (Kapucu, 2006)
[11] Bovaird et al., 2012
[12] Rees, J. (2013). Public Sector Commissioning and the Third Sector: Old wine in new bottles? Public Policy and Administration, 29 (1), 45-63, http://dol.org/10.1177/0952076713510345, p. 49
[13] Rees, 2013
[14] Cabinet Office. (2011). Open public services: White Paper.
[15] Ibid.
[16] Ibid.
[17] Carson et al., 2010

- To place people at the centre of our thinking on Commissioning
- To understand the needs of populations as well as individuals
- Share and make better use of information
- Assure quality in provision
- Promote wellbeing among workforces
- Improve partnership working and increase use of flexibilities and pooled budgets
- Create a single health and social care vision
- Improve capability and leadership.

Other key policy drivers described in the literature are Value for Money (VfM), the Place Agenda (area-based integrated service provision) and personalised/individualised services.

It is worth noting that the rationale and benefits envisaged for Commissioning are drawn mainly from policy documents. As will be noted later, the absence of systematic evaluations of the impact and outcomes of Commissioning mean that it is difficult to draw conclusions about the extent to which the rationales for Commissioning have been borne out in practice.

2.3 Definitions and descriptions

The array of terms that are applied to Commissioning, and the diverse meanings attached to those terms is a consistent theme in the literature. There would appear to be no single standard definition of concepts or practices. A range of terms is used to cover a set of procedures, processes, structures and relationships that are all connected to the task of making and implementing decisions about resource allocation for service provision. This diversity of meanings has been noted across many jurisdictions as well as between government departments and areas of public service provision in the UK.[18]

The language and terms that occur most commonly are Commissioning, Strategic Commissioning, strategic purchasing, procurement, purchasing, contracting; while these terms may have distinct meanings and application in Commissioning models, they are often used interchangeably as having common meaning. They tend to be used differently in different sectors and at different levels of service provision, national, regional, local or individual.[19]

A range of definitions from local and national agencies in the UK is gathered together in a study by the EPPI-Centre:[20]

> *'Commissioning is the process by which primary care trusts secure best value and deliver improvements in health and care services, to meet the needs of the populations they serve.' (Health)*
>
> *'The process of specifying, securing and monitoring services to meet people's needs at a strategic level. This applies to all services, whether they are provided by a local authority, NHS, other public agencies or by the private and voluntary sector.' (National Audit Office)*
>
> *'Commissioning is a cyclical process that happens strategically across a population as well as individually for a particular young person.' (Education)*

[18] Newman et al., 2012, p. 11
[19] Bovaird et al., 2012, p. 8
[20] Ibid

Other definitions draw attention to other focuses, for example the definition offered by the UK Institute of Government emphasises the role of the market:

> *'Commissioning means securing the services that most appropriately address the needs of the individual service user, making use of market intelligence and research and planning accordingly.'*[21]

The South Australia Clinical Commissioning Framework uses a definition that emphasises quality, meeting needs and achieving certain core social values:

> *'The Commissioning of clinical services is the process of arranging continuously improving services that deliver the best possible quality and outcomes for patients, meet population health needs and reduce inequalities within the resources available.'*[22]

The Scottish Social Services Inspectorate links resource allocation, quality and needs, and introduces the dimension of planning to meet future needs:

> *Commissioning…is the process by which councils decide how to spend their money to get the best possible services and wider supports for local people, now and in the future*.'[23]

A strategic focus

The question has been raised as to how Commissioning is different from strategic planning or quality improvement, and why it would not be known by one of those terms.[24] This question is addressed helpfully in the European Observatory report, when the authors underline the fact that the key emphasis in Commissioning (referred to as strategic purchasing), is described as the **systematic linking of planning with resource allocation:**

> *'When purchasing is narrowly focused on individual elements such as contracts, payment systems or provider competition, it will not reach its full potential….*
>
> *A definition of strategic purchasing, therefore, should reflect this systemic approach.'* [25]

Features of the definitions

These definitions have the benefit of drawing attention to the range of parallel perspectives about what Commissioning is for, and what is should deliver.

Commissioning is defined variously in the literature in terms of the functions involved, the outcomes expected, the policy values that drive it and the range of services and levels at which it can or should be applied. Interestingly, few of the definitions point to Commissioning as a means of introducing competition, outsourcing services, or developing stronger markets in public services.

Cutting across the various definitions, it seems that Commissioning is generally understood as a **longer term strategic planning tool that seeks to link resource allocation with critical policy objectives** including some or all of the following:

- Value for money
- Meeting present and future needs

[21] Moss, 2010, p. 1
[22] O'Brien, 2013, p2
[23] Social Work Inspection Agency, Scotland, 2009, p4
[24] Newman et al., 2012, p. 43
[25] Figueras et al., 2005,p17

- Quality improvements
- Service user outcomes

Does the definition matter?

The confusion of meanings and the related absence of a shared understanding of what is contained within the Commissioning process is problematic. The need for more clarity has been noted by the Public Administration Select Committee in the UK:

> *'If there is no common understanding of what Commissioning means, that can only be a barrier to effective relationships. Government and the private and third sector need to come to a commonly accepted definition of Commissioning if it is to continue to be the State's preferred method of interacting with the sector. In particular, Government needs to convince the third sector that Commissioning is something distinct from procurement.'*[26]

It has been indicated that the confusion and diffusion of definitions points to a more fundamental set of differences in understandings about what Commissioning policy and practice is.[27] The need for greater clarity and coherence in how Commissioning is defined is succinctly summarised in a study drawing lessons from the UK experience, which identified that clarity is needed in understanding Commissioning as the full set of activities from needs assessment to service delivery and outcomes evaluation.[28]

What Commissioning is not

The literature offers some definitions that seek to clarify the nature of Commissioning by stating what it is not. The approach taken by the UK Local Government Association, for example, offers the following insights:[29]

Commissioning and procurement are not the same. Procurement is the process of acquiring goods, works or services from providers and managing them through a contract. A Commissioning strategy may result in procurement, but could just as easily result in a policy change or an information campaign. There are many ways to deliver outcomes.

Commissioning is not privatisation or outsourcing. Commissioning does not start with a preconception that services should be provided by a particular sector or type of provider. Who delivers the outcome remains the choice of the council or the partner organisation based on the recommendations from the Commissioning process.

Commissioning is not just about the bottom line. It is about finding the most efficient way to deliver services, but it is also about creating value – for example, reducing inequality and environmental degradation and improving well-being – by incorporating environmental, social and economic costs and benefits into decision making.

[26] Public Administration Select Committee, 2008
[27] Rees, 2014
[28] Dickinson, 2014
[29] Local Government Association, 2012, p. 8

2.4 What can be commissioned?

Are there some services that are not suitable for Commissioning? Arguably, if Commissioning is understood in its broadest sense as a strategic planning process seeking to link needs analysis, evidence based practice and resource allocation for services for citizens, this would benefit all service provision. Logically it would seem that, using this broad definition, all services in a given sector could be part of the Commissioning process.

However, where the term 'Commissioning' is conflated with competitive tendering, that thinking may not apply. The question is addressed briefly in Bovaird and colleagues' evidence review of Commissioning across government, where the authors take the view that 'at the very least a decision has to be taken for all services as to whether the current approach to service planning and delivery is effective…and such a decision [is] part of a Commissioning approach'.[30] It does not follow that all services would be contracted out.

The question 'what can be commissioned' is sometimes narrowed down to a different question - 'what can be the subject of competitive tendering' or 'what public service can be contracted out'? Each of these questions require different forms of analysis, and while there may be general guiding principles, the decision will often be service and area specific rather than amenable to general rules.

[30] Bovaird et al., 2012

Section 3: Approaches and Models of Commissioning

3.1 Introduction

The UK is the main user of Commissioning as an approach to planning and funding public services, and the main source of accounts of Commissioning. The term Commissioning is not used widely outside of the UK, so while all countries have their systems for delivering and funding their public services, few of these align neatly with the components and language of Commissioning. Where other jurisdictions have adopted a similar Commissioning approach to the delivery and funding of services, their models usually draw on a UK model rather than coming up with a unique approach. For this reason, the approaches to Commissioning that are described here are drawn mainly from the UK, and in particular from the health and social care field.

In this section, the Report looks at:

- Principles for Commissioning
- Models and approaches to Commissioning
- Commonalities and differences among the models
- The core Commissioning tasks
- More detail on some critical Commissioning tasks.

3.2 Principles for Commissioning

A number of documents set out principles to underpin the Commissioning process at national and local level, or for use in a particular sector. In the UK, the National Audit Office proposes eight principles for effective Commissioning across all sectors.[31] The Department of Education in England has devised principles that include child and family centered and general principles.[32] The Department of Work and Pensions has adopted principles to underpin their Work Programme,[33] while the values and standards adopted by the Borough of Solihull are an example of the use of principles in an area-based setting.[34] Detailed Commissioning values and principles for the health sector have been adopted by South Australia Health.[35]

These sets of principles focus mainly on what the agency considers to be best practice in Commissioning generally, and at the various stages of the Commissioning process. Desired outcomes for citizens, patients or learners expected from the Commissioning processes are translated into principles, and it is often difficult to separate principles from outcome statements.

Among the key values and principles from these agencies are:

Citizen-centred values and principles

- To provide accessible, timely, affordable, clinically and culturally appropriate services
- To provide user-centred, needs-led services
- To provide well-integrated, co-ordinated services offering continuity of care
- To provide safe, high quality services, underpinned by research and innovation

[31] http://www.nao.org.uk/
[32] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182307/good_Commissioning_principles_and_practice.pdf
[33] Department for Work and Pensions, 2014
[34] http://www.solihull.gov.uk/Portals/0/Partnership/Common_Commissioning_Framework.pdf
[35] O'Brien, 2013

- Improving access and choice
- To provide continuously improving quality, outcomes and experience for service users
- Closing the gap between those falling behind and the rest (education)
- Providing early intervention at the earliest possible point.

General operating principles

- Alignment with national policies, budgets and fiscal strategies
- Achieving value for money and supporting long term sustainability of services
- Targeting the most appropriate evidence-based interventions and innovations
- Open, transparent, evidence-based decision-making and contracting
- Realising social value.

Operating principles linked to key Commissioning tasks

- Understanding needs through engagement with service users and Third Sector advocates
- Collaboration and active engagement with potential providers at all stages of the Commissioning process
- Involving professionals as an integral part of the Commissioning process, and recognising the skills, knowledge and expertise that will strengthen commissioning work and shape services
- Considering investment in provider capacity, especially those working with hard to reach groups
- Gathering feedback from service users, communities and providers as part of review processes.

The Department for Work and Pensions in the UK adopts several of these principles for their Work Programme Commissioning Strategy[36] but also include a stronger commercial and market oriented focus and language. Their principles deal with ways of harnessing future commercial opportunities, ensuring a competitive and resilient market, market diversity and market stewardship, a level playing field and social investment.

The Canterbury (New Zealand) model of Commissioning (see below) places heaviest emphasis on quality as the guiding principle that underpins the system; continuity of care is also a strong principle and the entire approach is predicated on the push for integrated services.[37]

3.3 Models and Approaches to Commissioning

There is no single Commissioning model. For example, a review of Commissioning approaches in use across UK government departments and agencies describes models from the Health sector, Children's Services, Community and Local Government, Schools, the Improvement and Development Agency (IDeA), Work and Pensions, Offender Management, the Audit Commission, as well as a range of regional models.[38] Some of these have been developed by Government departments and agencies themselves; others are theoretical models prepared by Universities or Think Tanks and taken up to varying degrees by public sector organisations.

The various models highlight how government departments, agencies, regional and local authorities use their own terminology and graphic representations to describe Commissioning stages and their components. Virtually all of these describe Commissioning as a **strategic cyclical process**, with

[36] Department for Work and Pensions, 2014
[37] C. Gullery, personal communication, May 2, 2015.
[38] Bovaird et al., 2012

interlinked stages and tasks, and where the elements of the process work together to deliver a coherent strategic planning and resource allocation model.

Four models are described briefly here, with their graphical representation, where available.

1. The *Institute of Public Care Commissioning Cycle* was developed by a university research centre in England rather than a Government Department, but has received strong support from a number of government bodies and has influenced local approaches to Commissioning.[39] The model can be applied to any service setting. For example, it has been adopted by Scotland's Social Work Inspection Agency, among others.[40]

2. The *South Australia Health Clinical Commissioning Fram*ework adapts the NHS World Class Commissioning Model.[41] It is used to describe the Commissioning approach used in health services in South Australia.

3. *NEF Commissioning for Outcomes and Co-Production:* The New Economics Foundation (NEF) is an independent think-tank. The Foundation has developed its own Commissioning model that draws on an outcomes-based approach, and also on the provisions of the Public Services (Social Value) Act 2012.[42] The model is not specific to any particular setting, but is being used mainly in local government settings.

4. *Alliance Contracting, Canterbury, New Zealand*: Alliance Contracting is an integral part of Canterbury's approach to the design and delivery of integrated health and social care.[43]

[39] Bovaird et al., 2012
[40] Social Work Inspection Agency, 2009
[41] Bovaird et al., 2012
[42] Slay & Penny, 2014
[43] Timmins & Ham, 2013

1. The Institute of Public Care Commissioning Cycle

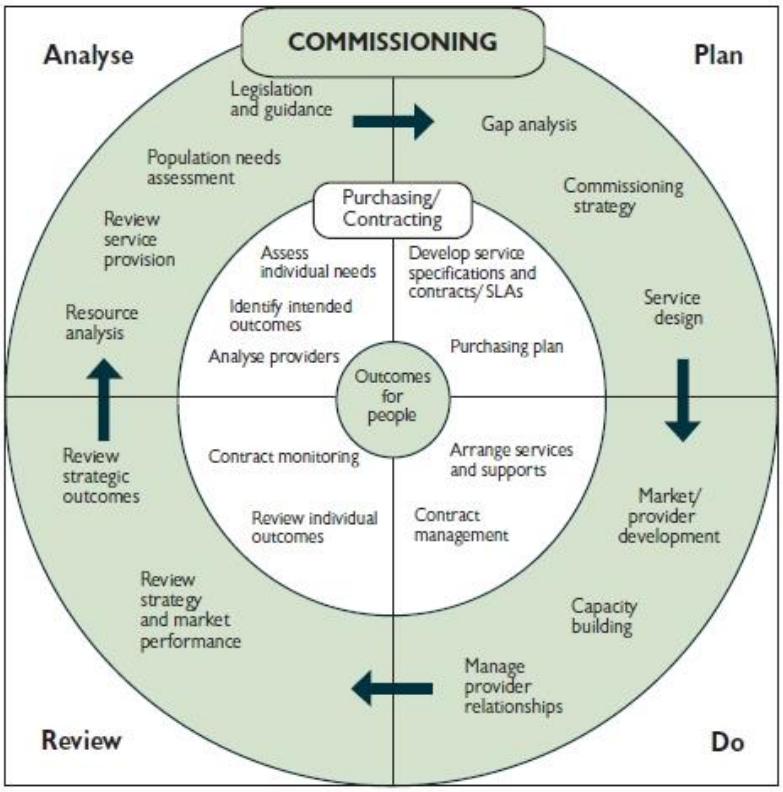

Figure 1 The Institute of Public Care Commissioning Cycle

The *Institute of Public Care Commissioning Cycle* was developed by IPC, a university-based research centre rather than a Government Department, but has received strong support from a number of government bodies.[44] The model has been adopted by Scotland's Social Work Inspection Agency.[45] It is also used by the Welsh Assembly Government as the basis of its national Commissioning Framework for social care commissioning.[46] That Framework sets down statutory Commissioning standards as well as non-statutory good practice guidance.

There are four key stages in the Commissioning Process presented in Figure 1. It uses the *Analyse, Plan, Do, Review* framework and locates the key Commissioning activities within that four-quadrant framework. As with several other models, this model makes a distinction between the Commissioning cycle and the purchasing/contracting cycle, which is treated as a separate but linked process.[47] Securing outcomes for people is the core value underpinning the Commissioning process.

[44] Bovaird et al., 2012
[45] Social Work Inspection Agency, 2009
[46] Welsh Assembly Government, 2010
[47] Bovaird et al., 2012

2. South Australia Health Clinical Commissioning Framework

Figure 2 South Australia Health Clinical Commissioning Framework

The South Australia Clinical Commissioning Framework was adapted from the NHS World Class Commissioning model (NHS Information Centre for Health and Social Care, UK). This is a **three-stage** model, covering strategic planning, operational planning, and a monitoring/review stage.[48] The provision of high quality services is a central 'driver' of the model.

Although the stages are named differently, they cover broadly the same ground as the IPC model described earlier. Like the IPC model, purchasing and contracting activity is not treated as a stage in the Commissioning process.

The policy context for this Framework is South Australia's Health Care Plan 2007-2016,[49] and the Model of Care plan that sets out service models and pathways, with integrated care across disciplines, sectors and organisations as a core focus. The Framework describes the Governance and leadership arrangements for the Commissioning Plan and the roles, responsibilities and structures that will support the work. A Performance Framework sets out detailed performance reporting and management arrangements.

[48] O'Brien, 2013

[49] http://www.sahealth.sa.gov.au/wps/wcm/connect/public+content/sa+health+internet/resources/south+australias+health+care+plan+2007-2016

3. NEF Commissioning for Outcomes and Co-production model

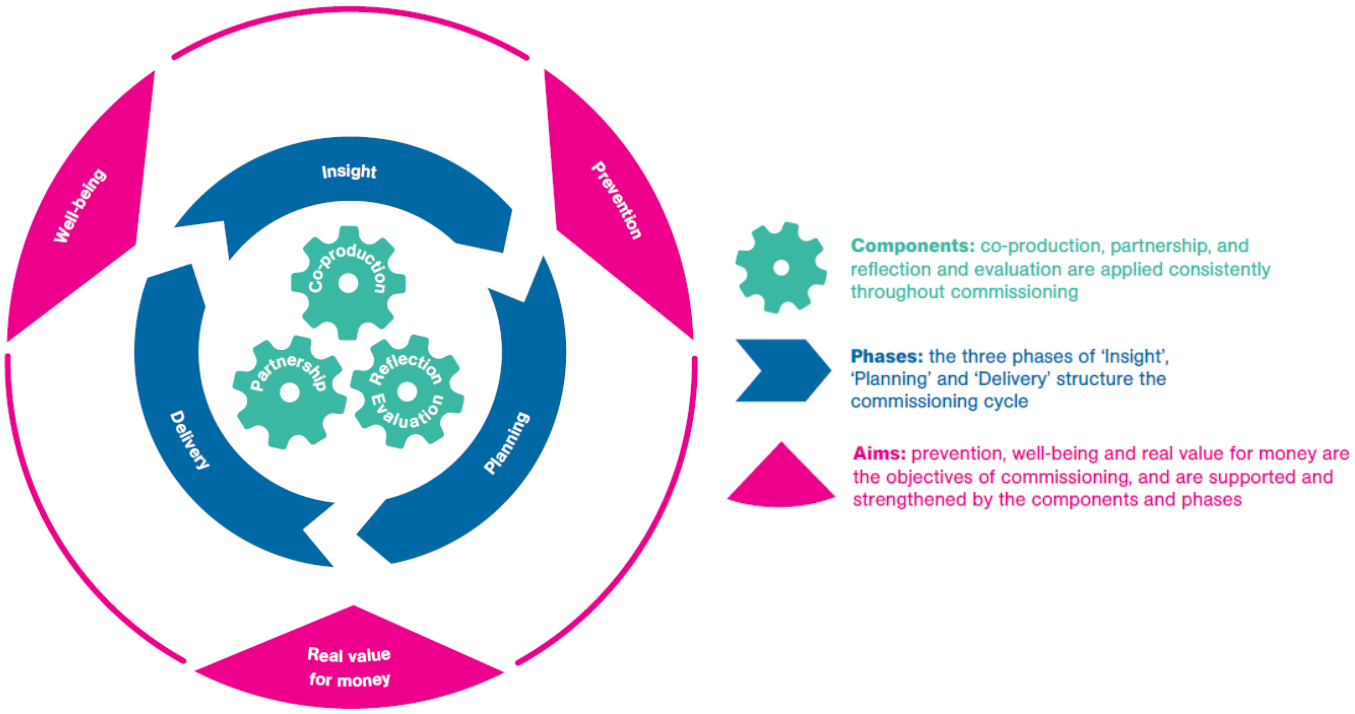

Figure 3 NEF Commissioning for Outcomes and Co-production model

There has been a strong movement towards Commissioning models and approaches that are outcomes-focused. One particular approach to ensuring an outcomes focus is the ***Commissioning for Outcomes*** approach. This approach refers to the basis on which contracts are funded. It flags a shift from specifying contracts on the basis of services provided to the outcomes that will be expected.[50] Toolkits and resources for *Commissioning for Outcomes* introduce the concepts of logic modelling, outcome process maps, and Outcome Strategic maps.[51] More recently, ***Commissioning for Social Value*** is a new type of outcomes focus that encourages commissioners and service providers to consider the wider aggregate outcomes and benefits of services, including social, environmental and economic outcomes.

In their approach to Commissioning, the New Economics Foundation (NEF) in England uses Outcomes-Based Commissioning in tandem with the Social Value concept. Co-production, partnership and prevention, and needs led, person-centred service are core values of the NEF model.[52] The model envisages two forms of outcomes – service user outcomes, and community outcomes that seek to capture the wider social value of the work, social, environmental or economic, beyond the service itself.

The NEF model also uses a cyclical approach, though the language describing the Commissioning stages - Insight, Planning, Delivery - differs from the two previous models. [53]

[50] The Scottish Government, 2012
[51] Perigo et al., 2012
[52] Slay & Penny, 2014
[53] http://b.3cdn.net/nefoundation/974bfd0fd635a9ffcd_j2m6b04bs.pdf

4. Alliance Contracting model: Canterbury, New Zealand

This account of key features of the Canterbury Alliance Contracting model highlight differences and overlaps with the UK Commissioning models. It draws on the report prepared by the Kings Fund,[54] a discussion with Carolyn Gullery, one of the principal architects of the Canterbury system, and materials supplied by Canterbury.

The term 'Commissioning' does not appear in accounts of Canterbury's approach to integrated healthcare. However, the approach encompasses several key dimensions of a strategic Commissioning process, as an integral part of health service transformation. Integrated services across health and multiple areas of social care is the key driver of the approach.

Moving away from the purchaser-provider split

The Alliance Contracting model represents a strong shift from the purchaser-provider split approach to funding and fully competitive contracting for services, which was a core focus of New Zealand's approach in the 1990s. This ended in 2001 having led to bitter divisions within the health care system, especially within the medical and hospital sectors. The price/volume payment schedule, a feature of purchaser provider models, was scrapped in Canterbury.

In a range of areas of the health service, competitive and fee per item service contracts were replaced by Alliance Contracting – 'a collective contract with pre-agreed gains and losses dependent on the overall performance of the parties'.[55] All contractors have agreed margins and a fixed amount of money to work with; their performance is visible to other partners in the alliance; each can be benchmarked against the other and 'profits' go back into the system in ways that the Alliance partners agree in order to improve services.

Because the Alliance as a whole is responsible for contracts, there is a mutually supportive approach among the partners to assisting a partner whose performance is failing to meet standards. A Kings Fund report quotes Carolyn Gullery on this point:

> *'…the first thing we do when there is a problem, and because this is an alliance, is ask 'how can we help? You are not performing. What's the problem? Can anyone else in the alliance help? And we put resources in. Because the idea of an alliance is that nobody fails. We either all fail or all succeed. So they compete on quality and co-operate with keeping each other going. And clients have some choice, so to an extent they are competing for the client.'*[56]

Trust, sharing power, and quality are core values of the approach, with quality a key driver of the contracting process.

Service design and priority setting

Another central feature of the Canterbury model is the collective approach to designing evidence-based practice (Health Pathways) that underpins and guides the contracting process. This process (and its many applications across aspects of services) is seen as a crucial means of engaging professionals in the design and ownership of the entire health system. The health pathways are **local** agreements on best practice agreed by healthcare professionals setting out the patient pathway for a particular condition. The pathways spell out what should be done, where are the resources to do

[54] Timmins & Ham, 2013
[55] Timmins & Ham, 2013, p. 19
[56] Ibid, p19

it, and what is or is not publicly funded. In essence then, the *health pathways* integrate evidence based service design with priority setting and funding allocation.

Carolyn Gullery notes that the Alliance contracting model is transferable internationally. Key elements are now part of the New Zealand and Australian approaches, and the approach is being looked at by the World Bank.[57] A number of reports on the use or potential use of Alliance Contracting have been produced in the UK.[58,59]

The collaborative dimension

Another feature of the collaborative aspects of the Canterbury model is the membership and function of the Canterbury Network Alliance Leadership Team, along with teams (Service Level Alliances) who lead the redesign, prioritisation, and implementation of health and social services.

The members of the Leadership Team are clinical leaders, key managers from provider organisations and the Canterbury District Health Board, who have been selected to lead the Alliance. The members are not representatives but collectively provide the range of competencies required by the Alliance. Their purpose is to provide increasingly integrated and co-ordinated health services through clinically led service development and implementation within a 'best for patient, best for system' framework.

3.4 Commonalities and differences among the models

Although the models described have different phases and stages, and use different terms to describe key tasks, there is a reasonable degree of commonality in the approach. There is a measure of consensus that Commissioning is a strategic, cyclical process involving a series of linked Commissioning tasks. These tasks, such as needs analysis, priority setting, service design, market shaping/procurement, monitoring and evaluation, tend to be common to all models, albeit with different titles. The differences lie more in how the policy rationale for Commissioning is framed, and, more especially, in the detail of how the key commissioning tasks are managed.

Efforts to extract 'core elements' from these models have to be tempered with an acknowledgement that even what appears to be a 'core' practice can differ substantially in practice. The diversity of practice, interpretation and understanding of Commissioning across agencies and levels of government is linked to legislative, policy and structural developments, evolution in thinking and approach, and the dispersal of Commissioning across levels of government:

> *'…Commissioning is a difficult topic to get to grips with because it is still in development in theory and practice, it is dispersed across the public service landscape, and operates at different scales between the national and local. It also differs in how well it is embedded in different policy fields, and there is little sense of common approach, shared professional standards or best practice across the public sector.'* [60]

This author suggests that diversity in policy 'is likely to be followed in short order by diversity in implementation and practice.[61] A good understanding of any model will call for in-depth examination and understanding of how it is being translated into practice on the ground.

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[57] C. Gullery, personal communication, May 2, 2015.
[58] Addicot, 2014
[59] ttps://www.acevo.org.uk/sites/default/files/ACEVO%20alliance%20contracting%20report%202015%20web-2.pdf
[60] Rees, 2014, p. 46
[61] Ibid.

3.5 The core Commissioning tasks

A series of core commissioning tasks are common to virtually all accounts of the Commissioning cycle. While these may be named or sequenced differently, there is a strong measure of common ground across the various descriptions.

This section provides a synthesis of the core Commissioning tasks.[62] Further detailed commentary is also provided on some of the core tasks, where the management of these may differentiate models or where a particular task has attracted attention in the literature.

A **strategic planning stage** is common to most Commissioning models, culminating in a Commissioning Plan or Strategy that guides the operational or 'doing' phase of the process. The key tasks at this stage include:

Needs analysis

- Analysing population needs and challenges using population data, performance data and projections, including data from service users and community and voluntary organisations about needs
- Clarifying relevant policy or legislative requirements including eligibility and entitlement rules
- Researching best practice and the evidence base for high quality, cost effective service to deliver outcomes.

Specifying/agreeing on outcomes

- Checking on current outcomes; deciding on and agreeing the outcomes that are expected from the service or services being commissioned.

Resource mapping

- Mapping and reviewing existing services, programmes and projects against outcomes and needs
- Identifying gaps or overprovision, scope for improvement or service redesign and consulting about how best to achieve the best outcomes and best value.

Agreeing priorities

- Using available evidence to identify priorities for investment, disinvestment and redesign, and translating these into a set of strategic Commissioning intentions.

[62] The synthesis is drawn from accounts of the South Australia Health Commissioning model, the IPC model, the Solihull Local Commissioning Framework, the NAO Guide to Commissioning. For all of these tasks, there is extensive guidance material from Government Departments and agencies, commissioning support organisations, and research bodies. Several of these guidance toolkits are listed in the bibliography to this report.

The **operational stage** involves translating the strategic intentions into practice. The key tasks at this stage include:

Service models and service design

- More detailed specification of service models including workforce planning, finance, risks and assumptions to map the route to outcomes
- Selection of models of care/support, detailed service specifications and operational plans
- Planning for decommissioning services that are no longer needed having regard to new evidence, new needs or funding changes.

Shaping the structure of supply / Procurement / Market shaping

- Managing supply and capacity building to ensure a good mix of service provision to meet needs
- Developing/supporting existing providers
- Introducing new providers, where needed
- Decommissioning services, where necessary.

The final stage of most Commissioning models is **the monitoring and evaluation stage**, which completes the cycle, but also feeds into the next Commissioning cycle. Key tasks at this stage include:

Develop a robust performance framework

- Set clear objectives, targets, and outcomes in partnership with stakeholders
- Develop performance measurement frameworks and information systems to capture and process data
- Ensure data requirements and timeframes are proportionate to the scale, complexity and sensitivity of the service.

Monitor performance

- Monitor progress against objectives, targets and outcomes
- Implement quality assurance processes
- Manage contracts
- Take action when outcomes are not achieved.

Evaluate the Commissioning process

- Design and agree evaluation processes at the outset
- Involve providers and service users in the evaluation design
- Make use of evaluation findings to inform the planning of the Commissioning cycle.

3.6 More detail on some critical Commissioning tasks

The literature points to the fact that Commissioning work is shaped by *how* the Commissioning tasks are understood and performed, more than by the high level model in use. Here, the summary of Commissioning tasks is supplemented with more detailed material on some tasks, where these have attracted a good deal of attention in the literature or are of particular interest to the Commissioners of this Report.

Understanding and measuring outcomes

Outcomes are the intended or unintended *changes* that occur as a result of an intervention, service or policy. Outcomes can occur at the level of service users, be they individuals, families, specific groups, or communities. Examples include improved health and wellbeing, greater economic security and improved access to services. Outcomes can also be achieved at the level of services and commissioners, such as enhanced quality of provision, saved money, and enhanced capacities and skills to address needs.[63]

Achievement of outcomes is a central rationale for Commissioning and models have adopted different processes for using outcomes data. These include the development of strategic outcomes frameworks, choosing interventions and approaches that have demonstrated positive outcomes, ongoing outcomes measurement and assessment, specifying contracts on the basis of outcomes to be achieved, and payment based on achievement of outcomes.[64] Whilst most Commissioning models are focused around outcomes and Commissioning guidance and toolkits routinely emphasise the importance of specifying and measuring outcomes,[65] the practice of funding, monitoring and evaluating services on the basis of outcomes has generally been more aspirational than real.[66]

Funding and ongoing review of services on the basis of demonstrating outcomes presents challenges. Some services can be difficult to operationalise in terms of measurable outcomes.[67] Measuring and demonstrating outcomes for service users can be difficult, particularly for preventive services and vulnerable populations. Challenges for service providers identified in the literature include the difficulty in defining outcomes, the availability and quality of measurement tools, the long timescale needed to demonstrate outcomes, the resources and skills required for evaluation activities, and the politics of sharing data.[68,69] Practices that have been identified as enabling outcomes measurement include partnering with evaluation experts, working with in-house evaluation teams, and making use of existing data such as Census data, where available.[69]

Some outcomes are easier to identify and specify, such as reduced rates of teen pregnancy or increased employment, yet even when easily specified and measured, it can be difficult to know what caused any change due to the multitude of external factors that influence peoples' lives. This is referred to as the challenge of attribution. Some service users and communities have complex needs and seeing any change in outcomes is dependent on the outputs of several services, the effects of which are difficult to isolate; there can be long time lags between the provision of outputs and the achievement of outcomes; and outcomes can be determined by factors which are outside of the control of service providers, including social and economic conditions.[70] Shared measurement approaches attempt to overcome this challenge. In these approaches, services working towards the achievement of similar outcomes collect data using the same measures. Shared measurement approaches have other reported benefits including the facilitation of shared learning and collaboration.[68-71]

[63] University of Birmingham, 2015
[64] The Scottish Government, 2012
[65] Perigo et al., 2012
[66] Bovaird et al., 2012
[67] Minich et al., 2006
[68] Bovaird et al., 2012
[69] Harlock, 2013
[70] Modell & Groenlund, 2007
[71] Wimbush, 2011

In other cases, there is insufficient research to guide the design of services on the basis of outcomes achieved through evaluation, and experimentation is required. Bovaird raises the central point that if the pathway to outcomes (what interventions will improve outcomes and how) is not well understood, then the discourse about outcomes is problematic. He argues that this points to the need for experimentation, and that what should be commissioned is a variety of approaches to see what works. Taken to an extreme conclusion, Bovaird argues that if the pathways to outcomes are not known, the core processes of Commissioning and, in particular, contracting, cannot work, and could, paradoxically, prompt or warrant a return to a quasi-grant system.[72]

One of the central challenges then for the introduction of any form of outcomes-related Commissioning is to decide what outcomes-related approach to use; how outcomes will be defined; what data is available to assess outcomes; whether relevant data is routinely available and accessible; and how the task of outcome measurement will be shared between the purchaser of services and the provider. The implications of all of these decisions for resource allocation and capacity building would also need careful consideration.

Partnerships and collaboration

One of the core tenets of most emerging Commissioning models is a partnership and collaborative approach across the different stages of the Commissioning process. The term 'co-production' applies to a particular form of Commissioning where Commissioning is a shared role between professionals, people using services, their families and their neighbours.[73]

Service user and service provider influence on the wider strategic decision making about services is central to the collaborative approach. Gathering views and preferences of interested parties who know what works well and how services can be improved is described in the South Australia Clinical Commissioning Framework as part of the strategic planning stage of Commissioning.[74] Describing the 'market shaping' process in a Welsh context, Susan Lloyd Selby highlights the role of and need for strong engagement mechanisms to enable service users to set the direction for Commissioning and service development.[75]

Partnership with the community and voluntary sector is also described as a core role across the full strategic Commissioning cycle from needs analysis and priority setting, through the dialogue about procurement strategies and involvement in the monitoring and evaluation stage of Commissioning. This engagement with the sector is seen as central to models where high levels of trust, partnership and relationships are core values.

Notwithstanding the principled commitment to service user engagement, the literature points to a low level of influence for citizens, and raises questions about the degree to which this engagement has led to influence on decision making. Engagement is not always embedded in governance structures and thus limited in influence.[76]

Studies also point to the relative absence in the UK context of community and voluntary organisations at the strategic planning stages of Commissioning, and the concentration of engagement at the procurement stage.[77] As an example of local partnerships with third sector

[72] T. Bovaird, personal communication, May 5, 2015.
[73] http://www.altogetherbetter.org.uk/Data/Sites/1/co-producing_commissioning_nef(3).pdf
[74] O'Brien, 2013
[75] http://nda.ie/Publications/Health/A-Commissioning-Framework-for-Disability-Services-/
[76] Dickinson, 2014
[77] Ibid.

providers, a commitment made in the Solihull Framework for Commissioning is to support smaller organisations in the Third Sector to help them to navigate and fully engage with the Commissioning process.[78]

Shaping the structure of supply / Procurement / Market shaping

Each of these terms is used to refer to the process of managing the pool of providers to ensure that the pool is well structured to meet needs. The terms tend to be used in a variety of ways. For example, while the term 'procurement' refers to a process of ensuring that there is an appropriate range of providers to meet needs, and to the management of that supplier pool, some guidance documents use the term 'procurement' in a much narrower way, as referring only to the practical task of purchasing services, or even more narrowly still, to organising competitive tendering. Clarity in the use of the term 'procurement' will be an implementation challenge.

The language of 'market' also tends to imply a process of outsourcing public services, and competitive tendering. The literature highlights the fact that Commissioning does not necessarily imply the outsourcing of a service nor does it necessarily imply competitive procurement, if the Commissioning process suggests that may not be necessary.[79] However, this is a contested area.'[80]

As evidence to support this proposition, the National Steering Group on Joint Commissioning in Scotland notes that 'Scottish Government policy is to retain a publicly funded and provided National Health Service which does not lessen the importance to NHS Scotland of the functions involved in Commissioning to improving outcomes but reflects the different mix of in-house and external provision that prevails in Scotland, compared to England.'[81]

There is significant literature on supplier pool/market management as part of the procurement phase of a Commissioning cycle. A review of the literature on multi-level Commissioning highlights some of the risks that commissioners should be alert to in market management. These include the need to be careful not to destabilise the market, especially where a few major suppliers supply a range of interdependent services, or where present provision is a poor match for consumer demand. The risks for client groups are also highlighted:

> *'…a market shaping approach to Commissioning public services has implications for vulnerable groups around continuity of care. If a number of providers are entering and leaving the market, this lack of consistency of, for example, support worker for children may have significant impact on outcomes for that child. Cherry picking refers to the practice of providing services for the more visible and easier to reach groups. Providing services to hard-to-reach more vulnerable groups is something that providers may feel is not a cost effective business for them to enter.'*[82]

One of the tasks for Commissioners can be to provide support and investment to the pool or potential pool of suppliers, and to ensure that the widest possible pool of quality providers is available. This concept is integral to the Canterbury Alliance Contracting model. In Canterbury, any provider is free to participate in the pool of providers, once they can offer a quality service, and they will be supported to be effective in delivery.

[78] The Solihull Partnership, 2010
[79] Local Government Association, 2012
[80] Bovaird et al., 2012
[81] The Scottish Government, 2012
[82] Office for Public Management, 2008, p16

Decommissioning services

The National Audit Office (NAO) describes defines decommissioning as 'stopping provision of a service or a significant part of a service in order to bring about improvement to existing service provision. [83] [84] Decommissioning is seen as a natural part of the continuous Commissioning cycle, in response to service obsolescence as needs change, as techniques, technology or new approaches emerge to meet those needs or as more cost effective ways of achieving outcomes become available.

NAO emphasises the distinction between 'cuts-driven' decommissioning that may be done through uniform top slicing of budgets or cutting of services simply on the basis of cost reduction. Poor decommissioning is contrasted with 'intelligent decommissioning' that aims to be strategic, is planned in partnership with stakeholders, in line with a shared vision for service user outcomes. Properly carried out, the NAO argues that decommissioning can mitigate and reduce the risks associated with more narrow and resource-focused approach to cuts.

The key principles proposed by NAO in its good practice guide to decommissioning include good communication, a clear rationale, a focus on service users and community, good risk management, value for money, and a clear understanding of current and future costs and impact. Evaluating the impact of decommissioning is seen as a key process, to learn from and inform future planning, although NAO notes that it is one of the least developed aspects of Commissioning.[85]

Purchasing/contracting

Many models of Commissioning treat the work of purchasing and contracting as a separate set of processes that are not part of the strategic Commissioning process, but which fall out of, and are intrinsically linked to, the overall Commissioning strategy.

A range of funding systems

The literature points to a range of funding systems for services, including grants, grant-in-aid and competitive tendering. For example, a consultation document prepared by Community and Local Government (CLG) in the UK envisages that grant funding will be complementary to the delivery of public services secured through contracts (or service level agreements with in-house providers) and that a combination of contracts and grants may be used with the same provider.[86]

The UK National Audit Office, in collaboration with the Office for Public Management, has prepared a guide for financial relationships with third sector organisations, setting out the key considerations when deciding on whether to use grants, grant in aid or competitive tenders, subject to procurement rules and regulations.[87] Among the funding principles proposed are:

- Focus on outcomes
- Empathy
- Simplicity and proportionality

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[84] http://www.nao.org.uk/decommissioning/dc2/sad3/carrying-out-decommissioning-what-does-good-practice-look-like/

[85] http://www.nao.org.uk/decommissioning/dc2/sad3/carrying-out-decommissioning-what-does-good-practice-look-like/

[86] Bovaird et al., 2012

[87] http://www.nao.org.uk/report/financial-relationships-with-third-sector-organisations/

- Well managed risk taking
- Timeliness
- Transparency and accountability.

Considerations to guide the choice of grant or competition include the state of the existing market, government policy for the future state of the market, and whether the service or programme has a development or strategic purpose.

Competitive Tendering

Although tendering is only one element of one aspect of Commissioning, it attracts a lot of attention in the literature, particularly in relation to service provision by Community and Voluntary Sector organisations.

The routine tendency to conflate Commissioning with Tendering is one of the problems associated with the Commissioning literature. A key point to be made therefore is that there is no legal obligation on purchasers to use competitive tendering, unless the value of the service to be procured comes within the terms of EU procurement regulations or where other national rules/legal requirements contain stipulations about tendering processes.[88] For example, in the Irish context, Public Procurement Guidelines including Guidelines for Competitive tendering are published by the Office of Government Procurement. [89]

Competitive tendering is intrinsically linked to the concept of the **purchaser-provider split**. In England this concept had its origins in the early 1990s. The approach was adopted in New Zealand at the same time, and the system remained in place there until 1999. In the US, the purchaser-provider split developed in the 1980s and 1990s, and lasted until 2000, as 'Managed Care' where funders took on a more active role as purchasers or commissioners.[90] The purchaser provider split is described as follows:

> *…a service delivery model in which third party payers are kept organisationally separate from service providers. The operation of the providers are managed by contracts. One of the main aims of PPS is to create competition between providers.'*[91]

Resistance to the concept and application of the purchaser provider split, as a means of managing resource allocation and funding through choice and competition, is flagged in a recent Scottish Government publication, which suggested that the separation of commissioner and service provider is incongruent with the larger NHS goal of greater integration, with change driven by planning and performance management rather than choice and competition.[92]

The authors of a review of the operation of purchaser provider split in Finland note that competition is believed to lead to improvements in service delivery, such as improved cost containment, greater efficiency, organisational flexibility, better quality and improved responsiveness of services to patient needs. The challenges and potential problems associated with competitive tendering are widely recorded, with a particular focus on the risks for service providers and service users. There tends to be a shared view among purchasers, providers and service users as to the nature of the

[88] http://www.nao.org.uk/report/financial-relationships-with-third-sector-organisations/
[89] http://www.procurement.ie/publications
[90] Ham, 2008
[91] Tynnkkynen et al., 2013, p. 1
[92] The Scottish Government, 2012

challenges and risks and these are mainly seen to be risks, either directly or indirectly to service quality and continuity.

The purchaser provider split concept is sometimes seen as posing particular challenges in specific care sectors. For example, a study of Commissioning care for people with long term conditions in England concluded that 'Commissioning for long term condition services challenges the conventional distinction between commissioners and providers, with a significant amount of work focused on redesigning services in partnership with providers.'[93] The authors note that the bulk of the work carried out by Commissioning staff involved collaborative work, including building consensus and addressing priorities, getting input from providers, and managing change associated with implementing new services.

Contracts and contracting

Contracts are the formal means through which an agreement between a purchaser and provider of services is specified and recorded. Contracts are neutral as between different forms of funding; whether a service is funded by means of a competitive tender, a grant or any other mechanism, the obligations being taken on by both parties will usually be specified in a contract.

Different forms of contract can be utilised for different purchaser/supplier relationships:[94]

Competitive Contracting: where there is a choice among several bids and where the one which provides the specified service at the lowest cost can be selected;

Negotiated contracting: a form of relational contracting dealing with uncertainty and complexity through negotiation, where the desired services are not specified in detail, where the detail of the service and price is negotiated and where government and contractor operate on a more equal basis. [95]

Co-operative contracting: another form of relational contracting where there are few if any alternative suppliers, limited expertise in service specification and monitoring and difficulty in developing verifiable performance standards. The supplier is a key actor in needs assessment, planning and service design. The contract is a flexible document together with a set of professional standards and contracts are only awarded where organisation have an established reputation for high standards.

Further considerations and choices open to Commissioners at the procurement stage of a Commissioning process are the scale of contracts, the duration of contracts, whether to divide contracts into smaller lots, whether to permit/encourage sub-contracting.

Payment systems

The payment mechanisms for services is a complex area outside the scope of this report, other than to note that clarity about the payment system will be an important part of any Commissioning approach, just as it will have been for other forms of resource allocation.

[93] Shaw et al., 2013, p. 1
[94] Boyle, 2002
[95] The process of agreeing SLAs (Service Level Agreements) could be regarded as a form of negotiated contracting.

The UK National Audit Office (NAO) Successful Commissioning Toolkit[96] refers to the concept of full cost recovery (which includes overhead and administrative costs) as a way of ensuring sustainable funding for third sector organisations. Other considerations include how the sustainability and continuity of services will be supported, how innovation will be encouraged and incentivised, how investment in development of new services will be handled, how capital investment will be managed and how the ownership of capital assets funded or part funded by the state will be handled.

Monitoring and evaluation

Monitoring and evaluation of the Commissioning process is a key task in all Commissioning models, with the outputs from this work feeding back into and informing the cyclical process. It requires the development of measurement and information systems to capture and process data.

The National Audit Office Guide to Successful Commissioning advises Commissioners to begin discussion about monitoring early, before implementation, have early consultation with providers, use proportionate data requirements and allow time for gathering data.[97] Engaging communities and providers in defining outcomes and reviewing progress towards achievement of outcomes over time has been found to enhance commitment and ownership from partner agencies to work together around a common purpose.[98]

Some Commissioning models adopt outcomes-based performance management processes, using different conceptual methods and methodologies. For example, in England, *Outcomes Based Accountability* (OBA) has been prominent whereas in Scotland, *Results Based Management* (RBM) has been more influential.[92] The international literature points to challenges in supplying high-quality and fit-for-purpose performance information on outcomes and the risks of over-reliance on this information, rather than minimising data collection to the demonstration of specific goals and to contributing to strategic decision-making.[92] Ensuring that performance management processes are less vulnerable to 'gaming', which can involve the distortion of data or poorer performance where measures don't apply, is another challenge.[99]

In their evidence review of Commissioning across government in the UK, Bovaird and colleagues describe and appraise the range of performance measurement approaches in use by a wide range of Commissioning bodies in the UK. One of the findings of this research was that agencies were using pre-existing performance management systems, none of which were strong on measuring outcomes, and that there was a risk of a disconnect between the performance management activities required by inspectors and auditors, and those required by a Commissioning process. A second risk was that of conflicting performance management regimes, especially where agencies were joining together in a Commissioning process.[100]

[96] http://www.nao.org.uk/successful-commissioning/
[97] Ibid.
[98] Wimbush, 2011
[99] Bevan & Hood, 2006
[100] Bovaird et al., 2012

Section 4: Levels and Types of Commissioning

4.1 Introduction

The literature points to a range of levels and types of Commissioning, each with its own emphasis and requirements. The levels range from Commissioning of individual services by a service user, to national-level Commissioning, usually of specialised services. While there are many types of Commissioning, joint and integrated Commissioning attracts a good deal of attention in the literature on account of the policy level interest in Commissioning as a tool for service integration.

4.2 Strategic, Operational and Citizen Commissioning

A typology that is found in some UK accounts deals with multi-level Commissioning that separates commissioning activity into:[101]

- *Regional/sub-regional Commissioning: Where agencies link across area boundaries, usually to commission high-cost, low volume specialist services such as secure units, services for 'looked after' children, people with high support needs or multiple disabilities*
- *Strategic Commissioning*: Which takes a long term view of service provision and requirements in an area, often over a ten year period, based on needs analysis, past performance, emerging evidence of good practice, and available resources. Strategic Commissioning work would establish a Commissioning Framework for an area within which operational levels of Commissioning would be done
- *Operational Commissioning*: Where Commissioning decisions are taken at an operational level, usually devolved from a parent Department or agency, and often undertaken jointly by a number of local agencies. In the UK context, certain youth justice services, Children's Centres and Early Years Services fit into this category
- *Citizens Commissioning:* Includes provision for personal budgets and direct payments, aimed at increasing user choice and needs-led provision. Commissioning at this level may be done by an individual, family, carer, a service manager, broker or a combination of these.

Levels of Commissioning may be population based, particularly in health services. The most specialised services tend to be commissioned at national level, for example, indicative populations for heart transplants at 50 million people, while hip replacements would be commissioned locally at population group size of 100,000 to one million people.[102]

The literature draws attention to the complexity of the relationships between these devolved levels of Commissioning, the risk of fragmented local services, and the need for support for local managers to help them to navigate their Commissioning role.

4.3 Local level Commissioning

The literature notes that Commissioning in the UK is much more established at local level than at central government level, and that local authorities in particular have had good success in

[101] OPM, 2008
[102] National Health Service, 2009

Commissioning in areas as diverse as adult social care, and highways services. Joint Commissioning with other Councils and local agencies is also a well- established feature of local level UK Commissioning. Place-based Commissioning, a form of joined up local Commissioning for services in an area, is seen as having particular benefits, including better engagement with citizens, more opportunities for people to have control over their lives, and the engagement of voluntary and community sector organisations that bring greater understanding, and local empowerment.[103]

Recent structural changes to NHS Commissioning structures in the UK highlight the extent to which Commissioning is a local activity, with the setting up of 211 Clinical Commissioning Groups now controlling the bulk of the NHS budget. These groups are responsible for a wide range of services, including community health services, mental health, and learning disability services. In Northern Ireland, five Local Commissioning Groups commission health and social care to meet local needs, and in Scotland, fourteen NHS Boards plan, commission and deliver the services in their areas.[104]

While local Commissioning has scope to ensure that local need and priorities are identified, that services fit those priorities and that strong working relationships are possible between commissioners, communities and the users of services, the risks of fragmentation are also noted. The Kings Fund suggests that with almost 400 separate local organisations responsible for commissioning different kinds of services, the fragmentation of the Commissioning landscape in England is not sustainable, and argues the case for integrated Commissioning of health and social care.[105]

4.4 Integrated Commissioning and Joint Commissioning

Joined up services for citizens and service users is a core objective of governments in many jurisdictions and many policy instruments are used to achieve this objective. The integration of health and social care is a particular focus of efforts to join up services, though it may extend to include areas such as housing, children's services, and justice services at area or local level.

The literature points to multiple definitions of integration. Like Commissioning, there are diverse policy rationales, including integrated care for individuals, improved quality and cost-effectiveness, and improved experience for the service user. Integration may be sought across services for a whole population, for a particular group or for an individual.[106]

Commissioning is just one of many processes that may be used to promote service integration. Others include policy alignment, co-ordinating structures, inter-professional working, and shared information systems. A key research finding points to the essential interplay between these, and emphasises that regulatory, policy and financial frameworks must support integration.[107]

Joint Commissioning, Joint Strategic Commissioning and Integrated Commissioning are often used interchangeably. However, they have distinct meanings and applications. The UK Institute of Public Care distinguishes between separate approaches to Commissioning, parallel approaches, joint approaches and integrated approaches. In their typology, Joint Commissioning means that objectives, plans, decisions and actions are arrived at in partnership by separate agencies. In Integrated approaches, the objectives, plans and actions are arrived at through a single organisation

[103] Local Government Association, 2012
[104] http://www.england.nhs.uk/wp-content/uploads/2014/06/simple-nhs-guide.pdf
[105] Humphries & Wenzel, 2015
[106] Pike & Mongan, 2014
[107] Ibid.

or network. This core distinction translates into different ways of managing all of the Commissioning tasks, including needs analysis, budgets, procurement and stakeholder management.[108]

There are many examples in the literature of guidance and frameworks, mainly for Joint Commissioning. In its guide to Strategic Commissioning, the Social Work Inspection Agency[109] sets out the requirements for effective Joint Commissioning, including formal partnership agreements, jointly agreed strategic plans, joint financial framework, financial planning and reporting, performance management, reporting and accountability arrangements.

In Canterbury, New Zealand, the Alliance Contracting model has integrated healthcare provision as its central driver and goal. A central theme of the approach is 'one system one budget' where all Commissioners and parts of the system need to work together as a single integrated health and social care system to improve services and balance the budget.[110]

In Wales, a recently published Framework for Delivering Integrated Health and Social Care For Older People with Complex Needs[111] sets out the approach to be taken to secure integrated care for a sector of the population, but without reference to Commissioning of services.

In Scotland, joint strategic Commissioning is defined as "the term used for all the activities involved in assessing and forecasting needs, linking investment to agreed desired outcomes, considering options, planning the nature, range and quality of future services and working in partnership to put these in place."[112] Like Wales, a Strategic Commissioning Framework containing high level vision, policy content and financial details are required from all partnerships.

As part of a move to implement integrated Commissioning across Scotland, nine outcomes supported by agreed indicators provide a strategic framework, and these outcomes are underpinned by legislation. Newly established integration authorities will be held accountable for delivering these outcomes.[113]

In an in-depth review and evaluation of joint Commissioning policy and practice in the UK, the Kings Fund describes the findings regarding the benefits of integrated care, the potential role of integrated commissioning (as distinct from joint Commissioning) in achieving these benefits, and concludes there is an overwhelming case to replace existing approaches with a single local Commissioning arrangements.[114]

[108] http://democracy.walthamforest.gov.uk/documents/s14869/Item%207_A%20Matrix%20for%20a%20analysing%20Approaches%20to%20Commisssioning%20Across%20A.pdf
[109] Social Work Inspection Agency, 2009
[110] Timmins & Ham, 2013
[111] Department of Health and Social Services, 2014
[112] Joint Improvement Team, 2014
[113] Humphries & Wenzel, 2015
[114] Ibid.

Section 5: The benefits, risks, impact and costs of Commissioning

5.1 Introduction

In the absence of rigorous evaluations of the impact of Commissioning, the discourse about its benefits, risks and impact tends to draw on the statements of intent of Commissioning policy; the views and concerns that stakeholders hold; and research on the experience of Commissioning, which is drawn upon at various points in this review.

The benefits attributed to Commissioning tend to be those that have already been described as offering the rationale for Commissioning. The challenges and risks tend to relate mainly to the possible impact of competition, markets and tendering rather than to risks attributed to the wider understanding of Commissioning as a form of strategic planning and resource management. The New Economics Foundation (NEF) notes that risks can relate to poor Commissioning rather than being intrinsic to Commissioning:

> *'Done well, Commissioning can ensure high-quality public services that deliver real value for money. It can maximise social, economic and environmental outcomes, prevent harm and help to achieve well-being for all. Done poorly, Commissioning risks providing services that alienate and disempower, that are inflexible and overly departmentalised, that privilege short-term cost efficiencies over long-term public benefit, and that ultimately offer poor value for money.'*[115]

5.2 Benefits

The potential benefits of Commissioning have been usefully summed up as follows:

> *'Commissioning as a strategic process of deciding how to use total resources for particular services can improve outcomes in the most efficient, equitable and sustainable way. It allows the establishment of appropriate processes to understand and identify needs, plan and map services, invest or augment existing resources, then monitor and review. It can also act as a stimulus to alter behaviours of respective stakeholders working in partnership to co-produce services'*[116]

Rees and colleagues describe feedback from third sector organisations working in the mental health field where organisations welcomed the opportunity of new funding opportunities and opportunities to provide new services, and new ways of working.[117] Better targeting of resources and tighter performance management were seen as a way of ensuring better use of available resources.

In an Irish context, service users and service providers responding to a discussion paper prepared by the National Disability Authority (NDA) identified the main benefits for service users as the scope for needs-led, quality services, choice, and opportunities for personalisation of services.[118] Service

[115] Slay & Penny, 2014, p11
[116] Jones & Liddle, 2011
[117] Rees et al., 2014
[118] http://nda.ie/Publications/Health/A-Commissioning-Framework-for-Disability-Services-/NDA-Seminar-on-Commissioning-of-Disability-Services-.html

providers shared these views. They also saw scope for more transparency and accountability, a shift in resources from poor performers, and opportunities for organisations to expand and diversify.

5.3 Risks

Concerns of funders and commissioners are the risks of getting the processes wrong, impact on service provision, fear of legal challenge and the lack of tendering skills in the third sector.[119]

Other challenges and risks noted for funders and commissioners include a concern that choice and competition can increase the number of decision makers and reduce direct administrative control; a linked concern is that regulators and providers can struggle to work out where responsibility lies for dealing with issues.[120]

Public sector employees may perceive risks to their jobs and may have fears that Commissioning will lead to widespread outsourcing of public services, diversion of resources into 'making markets', and erosion of public service values and culture.[121]

Examples of risk for the Community and Voluntary sector include:[122]

- Whether increased competition and targets would reduce Third Sector collaboration and community spirit
- Whether formal tendering would favour larger national organisations leading to a loss of local knowledge and poorer quality customer relations
- Whether in practice only private sector and Third Sector providers will be required to comply with the Framework and not Public Sector providers
- Whether service providers will need to divert resources from service delivery in order to comply with the Commissioning process.

Accounts of the risks of competitive tendering for Community and Voluntary sector organisations focus on concerns about possible negative impact on collaboration among organisations that previously worked closely together, fears that smaller organisations will be 'muscled out' by larger voluntary organisations and their local knowledge lost to service system.[123] Contracts may load risk onto the provider, create uncertainty about the future of staff contracts, and generate significant costs associated with the bidding process.[124]

The Learning Disability Alliance, Scotland, describes an abandonment of from competitive tendering for learning disability services, on account of poor user involvement in the process, lack of choice for service users, and a high level of dissatisfaction with both the process and outcomes. This experience led to the adoption of a new Commissioning strategy with a strong focus on user involvement at all stages of the Commissioning process, quality as a driver of service contracts and Framework agreements as a more common form of relationship with providers.[125]

[119] Jones & Liddle, 2011
[120] Blatchford & Gash, 2012
[121] European Services Strategy Unit, 2008
[122] The Solihull Partnership, 2010
[123] Rees, 2013
[124] L. Wilson & P. Marsden, personal communication, June 2015.
[125] http://nda.ie/Publications/Health/A-Commissioning-Framework-for-Disability-Services-/NDA-Seminar-on-Commissioning-of-Disability-Services-.html

In an Irish context, the challenges experienced by the Community and Voluntary Sector in relation to competitive tendering for the Social Inclusion and Community Activation Programme (SICAP) were outlined in a presentation from members of the Dublin Inner City Community Co-operative Society Limited by the to the Joint Oireachtas Committee on Public Service Oversight and Petitions. [126]

Drawing on work done by the Wheel[127], and their own experience of the SICAP tendering process, the presenters raise a range of concerns about the tendering of social inclusion programmes, including the following:

- Complexity of tendering processes often benefit larger organisations and private providers due to large scale nature of contracts and scale of cash flow requirements compared to grant-based funding systems
- Risks to partnerships, established relationships with funders built on shared understandings between funders and the community sector
- Diversion of energy and resources from a collaborative focus on delivering outcomes to a divisive on inflexible targets
- Short term focus and lack of recognition of vale of community based approaches.

In the NDA consultation mentioned earlier, disadvantages perceived by service users included uncertainty, rise in service provision costs, fragmentation of responsibility, and diversion of resources to application writing. Disadvantages from a provider perspective included risk of the process favouring large, low cost for profit providers, and periodic renegotiation of contracts that threaten stability.[128]

In response to a call for submissions by the Office of Government Procurement in relation to the impending EU Directives on Public Procurement[129] The Wheel argues that many of the risks associated with competitive tendering could be mitigated of even eliminated if new provisions in European Procurement Directives which permit the use of social clauses in procurement contracts and tendering processes, and which allow certain processes to be reserved for no-for-profit undertakings are fully transposed into Irish law. [130]

It seems that a key challenge is the tension between a collaborative approach to Commissioning, where providers, service users and the funders work closely together in relationships of trust at all key stages of Commissioning, and competitive tendering that relies on distance between the provider and the purchaser. Research conducted with public sector commissioners highlighted the tension between engagement with and support for third sector organisations, particularly in relation to tendering, and fears that this would be seen as anti-competitive.[131]

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[126] McCarthy, D and Muldowney, S. Presentation to the Joint Committee on Public Service and Oversight and Petitions. *Petition on Concerns re the Tendering of the Social Inclusion and Community Programme*, January 28th, 2015.

[127] The Wheel is a support and representative body connecting community and voluntary organisations and charities across Ireland. http://www.wheel.ie/about

[128] http://nda.ie/Publications/Health/A-Commissioning-Framework-for-Disability-Services-/

[129] (http://www.procurement.ie/ga/nuacht/2095

[130] The Wheel. (2014). Submission to the Department of Public Expenditure and Reform and the Office of Government Procurement. *Sustaining the benefits of the community-led approach to services through appropriate transposition of European Procurement Directives and the use of social clauses in public procurement contracts*. Unpublished submission

[131] Jones & Liddle, 2011

While there is no specific literature on the subject of mitigating the risks of tendering, it can be inferred from various commentaries that risk can be reduced through adopting a proportionate approach to tendering, only using tendering for services that are clearly suited to a tendering process, ensuring that funding mechanisms are geared to quality and sustainability, and using collaborative approaches to Commissioning work. The Solihull Common Commissioning Framework recommends that a risk register be maintained to manage unintended consequences.[132]

5.4 Costs

Evidence on the costs of Commissioning is hard to find. The material that is available does not make it easy to separate out overall costs from costs associated with particular Commissioning activities. There is sometimes a focus on the costs of tendering or managing tendering processes. Costs can be discussed in terms of the cost of staff time (both purchasers and providers) or, from a purchaser perspective, as a proportion of overall service provision cost. No cost benefit studies have been found.

The concept of ***transaction costs*** is used in relation to purchasing and would seem to have relevance in a Commissioning context, though an exploration of its complexities are outside the scope of this paper. Transaction costs have been defined as including:[133]

- Search and information: Finding products and appropriate suppliers.
- Bargaining and decision-making: Negotiating and establishing the agreement.
- Policing and enforcement: Ensuring the other person conforms with agreements.

The relevance for Commissioning is that transaction costs are sometimes linked to the level of trust between the parties to an agreement. The higher the level of trust, arguably, the lower the level of investment needing to be invested in highly formalised contracts, detailed performance management regimes, and, where agreements fail, in litigation.[134] Thus a Commissioning regime that is built on maximising relationships of trust at the key Commissioning stages may have lower transaction costs from a regime where outputs or outcomes are highly specified, and performance management regimes demand highly technical skills.

However measured, the overall costs of Commissioning can be high. Bovaird suggests that even though indicative costs could be quite high, the costs are rarely adverted to in the discourse about Commissioning.[135] This view appears to be borne out by a House of Commons report on Commissioning by Primary Care Trusts in England, which suggests that whatever the benefits of the purchaser/provider split, it has led to an increase in transaction costs, particularly in management and administration, estimated by the DH in an unpublished report as perhaps 14% of total NHS costs. [136]

An examination of the Commissioning of care for people with long term conditions found that the multiple processes associated with Commissioning work were labour intensive and time consuming, and that the scale and intensity of the work is not always proportionate to the impact.[137]

[132] The Solihull Partnership, 2010
[133] http://changingminds.org/explanations/trust/transaction_cost.htm
[134] http://changingminds.org/explanations/trust/transaction_cost.htm
[135] T. Bovaird, personal communication, May 5, 2015
[136] http://www.publications.parliament.uk/pa/cm200910/cmselect/cmhealth/268/268i.pdf
[137] Shaw et al., 2013

In response to a question about Commissioning costs raised at the NDA seminar on Commissioning, Alyson Dunn, Praxis Care, Northern Ireland, said:

> *'There is no comprehensive study of whether or not Commissioning leads to higher back office costs for providers. There is certainly a cost, a considerable cost in terms of opportunity cost, as staff do end up working on funding applications when they could be working on other tasks.'*[138]

One provider estimates that staff time in the preparation of a substantial tender document would amount to 10% of the overall value of the tender. Penalties, indemnities, and legal costs associated with review of contract documents also need to be factored in.[139]

5.5 Outcomes and impact of Commissioning

The rapid review of the literature examined the evidence on the impact of Commissioning. The evidence base identified was largely case studies and grey literature from independent bodies, governments, and the community and voluntary sector, rather than peer-reviewed academic publications. The quality of the studies identified was generally weak, due to methodological challenges and biases. Limited evidence for the impact of Commissioning on outcomes for service users was found. This may not be surprising due to the small number of evaluation studies, the complexity of the processes involved, the challenge of attributing change to Commissioning, and given the range and diversity of the strategic policy objectives that Commissioning is expected to meet.

An evidence review of Commissioning across government in England[140] identified 18 Commissioning models adopted by government departments and programmes and presented the evidence on the performance of these approaches. Thirteen of the models did not have any identified evidence on performance and outcomes. Evaluation studies of five models demonstrated some outcomes at the service and commissioner levels including increased cooperation between partners, improved efficiencies, improved standards of service delivery, reduction in waiting times, and better engagement of stakeholders in the Commissioning process. In terms of evidence of outcomes for service users, case studies of the introduction of one particular model, the Planning and Commissioning Framework for Children, Young People, and Maternity Hospitals, reported improved outcomes for service users.[141]

The outcomes for Joint Commissioning may be of particular interest in view of the strong emphasis on this approach to delivering integrated services. In another large scale review of joint Commissioning studies in the UK, few studies on impact were identified, and these were considered to be of low quality. The authors concluded that 'the evidence about the impacts of joint Commissioning cannot therefore be regarded as compelling'.[142]

In addition, a ten year review of jointly commissioned health and social care services in England concluded that there is little evidence to suggest that achievements have been widespread. The author notes the problem of attribution, when several policies have the same objectives as

[138] http://nda.ie/Publications/Health/A-Commissioning-Framework-for-Disability-Services-/NDA-Seminar-on-Commissioning-of-Disability-Services-.html
[139] L. Wilson & P. Marsden, personal communication, June 2015.
[140] Bovaird et al., 2012
[141] RCE Programme (2008), as cited in Bovaird et al., 2012
[142] Newman et al., 2012, p. 10

partnerships.[143] . Another review of healthcare Commissioning for people with long term conditions concluded that 'given the investment in the promotion of joint Commissioning, the lack of evidence about impacts and the relatively poor quality of the evidence identified is disappointing'.[144]

One Commissioning model with a more promising level of evidence is that of the Alliance Contracting approach developed in Canterbury, New Zealand (see Chapter 3). Improvements were reported in a range of healthcare indicators over time and in comparison to other jurisdictions in New Zealand. However, the authors highlight problems of measurement and attribution.[145] This study indicates a positive impact of the model, yet further studies are needed due to methodological challenges. Further studies are also needed that compare different approaches to Commissioning to examine what approaches work best.

[143] Hudson, 2011
[144] Newman et al., 2012, p. 44
[145] Timmins & Ham, 2013

Section 6: Implementing a Commissioning process

6.1 Introduction

The learning to be found in the literature about implementing Commissioning identifies enablers and barriers to good implementation, including the development of the skills and capacities for Commissioning, and putting in place the support systems for a significant change process. The centrality of a common vision, the need to align all the relevant policy frameworks that overlap with Commissioning, and change management matters such as capacity building, support systems, managing the pace of change, leadership and governance are among the drivers for effective change.

6.2 Enablers and barriers to effective Commissioning

At a systems level, the Canterbury model identifies three key enablers for change:

- The creation of a vision
- A sustained investment in providing staff and contractors with the skills needed to innovate, and supporting them when they do
- New forms of contracting.[146]

Summarising the learning from the UK experience, and implications for Australia, Dickinson[147] draws the following lessons concerning enabling actions:

- Be clear about what you mean when you talk about Commissioning
- Pay attention to the skillset of your Commissioning professionals
- Ensure the broader context supports Commissioning endeavours
- Think carefully about community/individual engagement
- [Recognise that] Commissioning is an art not a science.

The large scale study of joint Commissioning in health, education and social care carried out by EPPI-Centre in the UK gathered the views of participants in Commissioning processes about the enablers and barriers, across several sectors. The findings highlighted a huge array of both enablers and barriers in the areas of staff, leadership and management, the prior history of collaboration, resources, internal processes in organisations, relationships between partners, geographic distances and boundaries, legal aspects of Commissioning and the involvement of practitioners and other stakeholders in the joint Commissioning process.[148]

Policy coherence

A barrier to effective Commissioning in the English context is seen to be the absence of a 'coherent policy narrative', where the twin imperatives of competition and choice, on the one hand, and integration and collaboration, on the other, are seen as representing a challenging policy ambiguity and conflict.[149]

[146] Timmins & Ham, 2013
[147] Dickinson, 2014
[148] Newman et al., 2012
[149] Hudson, 2011

Consistency

The level of organisational restructuring in England is seen as having had a particular impact on Joint Commissioning, in that it disrupts the interpersonal relationships on which joint working depends:

> *'Each restructuring not only destroys established networks, but it also re-focuses energy and attention upon internal reorganisation rather than external relationships. The cultural damage created by this endless change is rarely assessed. Rather the restructuring model is based upon a formal, hierarchical and mechanistic view of how organisations work, which downplays the importance of culture, norms, values and relationships.'*[150]

This thinking resonates strongly with the experience in Canterbury, New Zealand, where there has been consistent leadership of the model of Commissioning over an extended period, a factor to which Carolyn Gullery attributes the effectiveness of the model.[151]

Leadership

The importance of effective leadership and senior level commitment is underlined in the literature.[152] Leadership responsibilities include building support for the Commissioning vision, creating a culture of innovation, and managing a complex change process.

6.3 Building capacity for Commissioning

The skill set of Commissioners and providers will be key to the success of any Commissioning model. Figueras and colleagues note that Commissioning demands technical and managerial skills at a high level.[153] The Commissioning task is a unique, multi-dimensional task that is probably different in its managerial requirements to many of the management challenges involved in running an organisation. Essential Commissioning capabilities are described as including:[154]

- Strategic planning skills such as skills for prioritisation and gap analysis, process mapping, clinician engagement
- Operational planning skills, including 'hard' skills to do with database management, service design and planning, procurement skills such as market assessment, development and selection processes, as well as 'soft' skills of relationship management, and strong leadership ability.

From the perspective of human, social and community services, additional skills specific to work in that area include capacity to engage and work with service users, as well as capacity to engage with and draw on the experience of leaders from service providers, and real, practical experience of improving outcomes.[155]

Skills are needed beyond the frontline and professional level. In England, where Commissioning has a strong market dimension, skills in Commissioning are seen to include market dynamics and structure, legal aspects, procurement, negotiating, contracting and oversight. The transition to an

[150] Hudson, 2011, p. 5
[151] C. Gullery, personal communication, May 2, 2015.
[152] Commissioning Support Programme, 2010
[153] Figueras et al., 2005
[154] O'Brien, 2013
[155] Commissioning Support Programme, 2010

outcomes based approach to Commissioning will require a wide set of skills to translate policy intent into Commissioning arrangements.[156]

6.4 Support systems for Commissioning

In the UK, support structures are in place for Commissioning and commissioners at agency level and national level, locally and regionally, and for different stages of the Commissioning process. These supports take the form of Frameworks, training and development programmes, learning events, and standardised contracts.[157] The Third Level Research Centre at the University of Birmingham, and the Commissioning Academy, set up by the Cabinet Office in 2012 to support senior leaders in learning about Commissioning, are examples of the settings providing learning opportunities for Commissioning personnel.

An example of support systems at an area/local level is the Solihull Common Commissioning Framework, which sets out the infrastructure and standards for governance and management of Commissioning for Solihull. The Commissioning Framework is an integral part of the Sustainable Community Strategy; the supports include the Solihull Observatory – a knowledge management infrastructure – a set of tools based on good practice – and a learning and development programme.[158] One of the commitments made in the Framework is to support people to change and to adopt the new language and practices of Commissioning, and decommissioning; it promises assistance in particular to smaller organisations in the Third Sector to help them to navigate and fully engage with the Commissioning process.

Timmins and Ham[159] note that in Canterbury, over 1,000 staff had participated in skill development programmes aimed at building managerial and innovation skills, while clinical and other leaders have been involved in workshops and programmes geared towards identifying new change projects and building leadership capacities. A range of technical supports are also provided.

6.5 Change management and the pace of transitioning

There is no available literature describing the journey to a fully-fledged Commissioning system. Shaw and colleagues note that in Commissioning for long term care in several sites in the UK, commissioners adopting an incremental approach appeared to be more successful in delivering planned change than those attempting to bring about wide scale change across complex systems.[160] The key strategies for managing the introduction of Commissioning that were noted by Commissioning staff in the care settings were:

- Staged development and learning in practice
- Planned evolutionary change
- A large scale vision for the specific condition, including linking with national standards and guidance
- Senior managers with the capacity to lead change
- Partnership working characterised by trust

[156] Moss, 2010
[157] Office for Public Management, 2008
[158] The Solihull Partnership, 2010
[159] Timmins & Ham, 2013
[160] Shaw et al., 2013

- Focused collection and use of data.

On the other hand, a contrary view is that incremental approaches, at least at local level, run the risk of getting stuck on making structural changes rather than deeper transformational change:

> *'Given the incremental approach adopted by many local partners to move incrementally towards joint Commissioning, there is a risk that the focus will once again remain on 'structural change' (at the margins) within the respective Commissioning organisations without a clear strategic focus on their ultimate ambition of developing a sustainable integrated Commissioning solution.'*[161]

This view is supported, in a disability context, by the Welsh experience:

> *'You can't wait to have everything in place before you embark on a change process. In Wales there were no standards, nobody with Commissioning skills when Commissioning was introduced. But for the previous 20 years lots of reports had been written but nothing had happened. Commissioning allowed us to close our intellectual disability hospitals in 3 years.'*[162]

In the sequencing of implementation tasks, Carolyn Gullery (Canterbury) suggests that it is not possible to move without doing the thinking about service redesign and health pathways, which give clinicians and other professionals the opportunity to redesign services.[163] Gullery also argues that the essential starting point, even before service redesign, is a strong vision for the change that is shared by all the stakeholders.

[161] Carson et al., 2010, p. 1
[162] http://nda.ie/Publications/Health/A-Commissioning-Framework-for-Disability-Services-/
[163] C. Gullery, personal communication, May 2, 2015.

Section 7: Towards a Commissioning Framework for Ireland – Drawing on the Evidence

7.1 Introduction

In this section, the Report draws out key messages from the Commissioning literature, and highlights the issues and questions that will need to be addressed when designing and implementing a Commissioning Framework suited to Ireland. The Report concludes with observations concerning the application of Commissioning in an Irish context.

The key messages are set out under the following headings;

- The rationale for Commissioning
- Definitions and descriptions of Commissioning
- The meaning and use of outcomes in Commissioning
- Funding models
- The infrastructure and capacities for Commissioning.

7.2 Key Messages

The rationale for Commissioning

1. A coherent policy rationale is an essential starting point

The literature points to a multiplicity of policy objectives for Commissioning. Examples of the overlapping policy objectives include resource allocation (e.g. linking resources to assessed need and priority, equality of access to services); efficiency (e.g. value for money, transparency and accountability); service quality (e.g. continuous improvement, improved service user outcomes, individualised services); and strengthened management processes (e.g. service integration, partnership working). A coherent policy rationale is seen as important because the policy objectives can strongly influence and shape the way in which key Commissioning processes are carried out in practice.

Definitions and descriptions of Commissioning

2. A clear definition of Commissioning and Commissioning tasks will support shared understanding among all stakeholders

Differing definitions of Commissioning and differing accounts of Commissioning processes have been a cause of confusion in practice among both Commissioners and providers. Once the policy drivers for Commissioning have been decided upon, the literature suggests that these need to be captured in a clear overall definition and supported by agreed descriptions of the nature and content of the core Commissioning tasks.

3. Commissioning can be defined as a strategic process linking resource allocation with assessed needs

While a multiplicity of Commissioning models are in use across areas of policy and provision, there is consensus that Commissioning should be understood as a strategic planning process linking resource

allocation with assessed current and future needs, in order to achieve best outcomes for citizens and service users and in line with policy objectives.

4. Commissioning is not procurement or competitive tendering

The literature highlighted the routine tendency for Commissioning to be conflated with narrower processes such as procurement, or competitive tendering, or to be seen as solely focused on cost reduction. This has prompted an effort in the Commissioning literature to underline the fact that, as a strategic process, Commissioning should not be confused with these processes. When Commissioning is confused with narrow individual elements such as contracts, payment systems or provider competition, research suggests that Commissioning will fall short of its potential.

5. Commissioning happens at national, regional and local levels

The evidence points to the fact that most Commissioning happens at local level while certain specialised services may be commissioned at a national level, particularly in a healthcare context. Local Commissioning processes should be proportionate in terms of their complexity. However, the evidence points to the need for Commissioning to take place within an overall Framework of good Commissioning practice that will ensure a coherent approach across sectors and local areas.

6. Collaborative approaches to Commissioning are becoming the norm

While there are many models of Commissioning, the literature indicates that emerging models of Commissioning place a premium on collaborative, relationship-based approaches to Commissioning, where Commissioners work closely with other stakeholders, including providers and service users, at all key stages of the Commissioning process. However, collaboration in the strategic processes such as needs analyses seem to be more challenging for Commissioners than at the more operational levels.

A challenge noted in the literature is the potential tension between a collaborative approach to Commissioning, which most modern models favour, and competition that relies on distance between purchaser and provider. While strong relationships and high levels of trust are seen as important features of good Commissioning especially at local level, some Commissioners express fears of a tension between such relationships with the Community and Voluntary sector in particular, and the conditions required for fair competition.

The meaning and use of outcomes in Commissioning

7. A clear understanding about the meaning and use of outcomes in the context of Commissioning is essential

Achievement of outcomes is a central rationale for Commissioning and models have adopted different processes for using outcomes data. These include choosing interventions and approaches that have demonstrated positive outcomes, ongoing outcomes measurement and assessment, specifying contracts on the basis of outcomes to be achieved, and payment based on achievement of outcomes.

The multiple uses of the concept of outcomes in the Commissioning literature points to a need for greater clarity about what is meant by outcomes in a Commissioning context, how outcomes will be measured, whether the data to measure outcomes is routinely available at national, regional or local level, and where the responsibility for assessing needs and outcomes will lie.

8. The outcomes of Commissioning are hard to measure

The literature indicates a weak evidence base for Commissioning as a strategic planning and resource allocation tool aimed at meeting multiple policy objectives. However, this may not be surprising given the range and diversity of the strategic policy objectives that Commissioning is expected to meet, and the numerous challenges to measuring and demonstrating outcomes. It would appear that the rationale for Commissioning is drawn not so much from research evidence as from the kinds of policy rationales that are advanced in support of Commissioning, such as the need for strategic planning to meet new needs.

9. Commissioning has benefits, risks and costs

The benefits of Commissioning that are described in the literature focus on its *potential* as a strategic planning and resource allocation tool for improving outcomes in the most equitable, efficient and sustainable way. A properly functioning strategic model of Commissioning is seen as a good way of securing innovation, ensuring that new needs are identified and met in a planned way, better transparency and accountability, and decommissioning poorly performing services.

The risks attributed to Commissioning by both Commissioners and providers focus mainly on risks associated with competitive tendering, rather than with Commissioning as a strategic process. Risks for Commissioners include the challenge of the complex Commissioning processes, and the management of multiple contracts, and concerns shared with providers about how well needs will be met.

Potential risks for providers, and for the Community and Voluntary Sector in particular, are described as increased administrative burdens, disjointed services due to multiple contracts, increased uncertainty and threats to sustainability, particularly of smaller voluntary organisations, loss of local knowledge and social capital, and risks to the meeting of needs of the most vulnerable groups and individuals.

While there is little in the way of cost data on Commissioning, and nothing in the way of comparison of Commissioning costs with other models of resource planning and allocation, some commentaries highlight possible high levels of cost and point to cost measurement as an essential element of a Commissioning process.

Funding models

10. Commissioning is neutral with regard to funding models

The service purchasing phase of Commissioning is sometimes narrowly understood by Commissioners and providers as exclusively or mainly confined to competitive tendering. The literature highlights the fact that a range of funding options are legitimately at the disposal of Commissioners, including tendering, grants, or forms of collaborative contracting. The literature provides useful guidance on appropriate uses of these mechanisms, subject to any legal rules or provisions that may apply in the jurisdiction.

11. There is a need for guidelines to support decision-making about funding mechanisms

One of the messages from the literature is the need for Commissioners to have clear criteria to guide decisions about the type of funding model to be used, linked to their analysis on the pool of

providers, provider capacity, and the policy intention of the Commissioner as to when they wish to support collaboration and/or competition among providers.

The Infrastructure and capacities for Commissioning

12. Commissioning requires a complex infrastructure

The Commissioning infrastructure includes needs analyses at population and care group levels, agreement on strategic outcomes and priorities, transparent resource allocation and funding models, service mapping, review and (re)design, management and development of the pool of providers, management of procurement processes, stakeholder engagement, monitoring and evaluation capacity.

Resource allocation mechanisms are key parts of the Commissioning infrastructure. The research indicates that resource allocation models should be clearly and transparently set out, along with the evidence-informed models of intervention that are linked to expected outcomes, where these are available.

13. Effective Commissioning depends on multiple capacities and support systems

Effective Commissioning, whether at national, regional or local level, demands a high level of technical, managerial, and interpersonal skills and knowledge to manage the range of processes on which the quality of the Commissioning process depends; these are described in the literature as including strategic planning skills, data analysis, process mapping, stakeholder engagement, management of the provider pool, performance management, monitoring and evaluation. In other jurisdictions, extensive support systems are in place at national and agency level, locally and regionally, to help equip Commissioners with these essential skills, but also to support providers in the Community and Voluntary sector to engage well in Commissioning processes. These include training and development programmes, frameworks, governance infrastructure, and learning events.

14. Assessing readiness and building capacity are essential

Due to the significant technical and operational challenges involved in effectively implementing a Commissioning approach, assessing and building capacity for Commissioning among commissioners and organisations that deliver services are key implementation tasks. Key areas where readiness will be critical include the adoption of a coherent policy rationale, actions to address the dearth of data to support the understanding of current needs and service effectiveness (including existing public service providers), and the challenge of deciding on and developing appropriate measurement tools for monitoring and evaluation. To determine readiness for implementing a Commissioning approach each of the core processes that form part of the various stages of a Commissioning approach will need to be examined for their 'fit' with, and their 'readiness' to support, the broad Commissioning strategy adopted by Government. Building the skill set of commissioners and providers is key to the success of any Commissioning model.

15. The pace of transitioning to Commissioning needs to be determined

Little if any literature deals with transitioning to Commissioning from other forms of resource allocation and management. Some commentators favour incremental approaches while others argue for a move to make systemic change quickly. These diverse approaches prompt questions about the appropriate pace and scale of introducing Commissioning.

7.3 Developing a Commissioning Framework: Some design questions

The questions that emerge from the literature that have relevance for the design of a Commissioning Framework for Ireland relate to policy, structures, implementation and change management.

Policy

- How will Commissioning be defined in Ireland?
- What principles will guide Commissioning work at national, regional, local and individual level?
- For what range and type of services will Commissioning be introduced?
- What will be commissioned at national, regional, local, personal/individual levels?
- What resource allocation models, including eligibility, entitlement arrangements or other transparent mechanisms will be used to determining resource allocation systems, funding frameworks and models?
- What approach to output/outcomes/impact measurement will underpin the Commissioning approach?
- What principles will guide decisions about the pool of providers? What service provision role is envisaged for different sectors (Public sector, Community and Voluntary sector, Private sector)?

Structures

- What infrastructure may be needed? (e.g. legislation, Commissioning posts/roles, budgetary allocations for the design/implementation process, support and capacity building systems)
- What data will be required at national and local level to support Commissioning processes?
- What data collection mechanisms will be needed?
- Who will be responsible for collecting and analysing data?

Implementation and change management

- How and in what sequence will key Commissioning processes and related capabilities be developed?
- How will stakeholders be engaged and involved in the design and implementation processes? How will a common understanding of core terms be developed?
- How will system readiness for Commissioning be assessed and built? How will the scale and pace of introducing Commissioning be managed?
- Would it be best to trial the approach with sectors where some elements of a Commissioning model are already in place or opt for a more broadly based transfer to a Commissioning approach? Would small scale pilots be feasible? Would local level Commissioning be the best place to focus Commissioning effort?

7.4 Conclusion

The funders of services have a responsibility to ensure that resources are used to optimise benefits and outcomes for the users of services and that current and future needs are met in a planned way.

The concept of linking resource allocation to assessed current and future need of citizens makes sense. Using evidence to underpin spending decisions is a rational approach on the part of government. It also makes sense to take account of new and changing needs, to discontinue ineffective services, and develop new models of service, rather than continuing to fund on the basis of historical spending and funding patterns. Commissioning sets out to address these objectives.

The challenge is to ensure that all the ingredients of such a strategic approach are in place, that all of the processes used serve the overarching purpose, and do not undermine existing systems that are working well. Ensuring the investment in Commissioning is *proportionate* to the expected outcome and that the costs of the processes and machinery are outweighed by the benefits for citizens would be a central challenge.

While many of the models of Commissioning being implemented in different countries are evolving, the core concept remains quite strong. There are choices about critical elements of the Commissioning model and those will shape the Commissioning approach. The literature points to the fact that choices can to be made at every stage of the Commissioning process. They include, for example, how stakeholders will be involved in needs analysis, priority setting and service design, how service models will be selected for funding, what eligibility models will underpin priority setting, who will form part of the pool of potential providers, how will the de-commissioning of services be approached? what funding mechanisms and payment systems will be used? The choices made on these and other aspects of Commissioning will shape the process and determine its ethos.

Adopting Commissioning models in Ireland, that are used elsewhere, would have to take account of critical differences from other jurisdictions such as legislative differences, the different role and function of Local Authorities in the provision of services, differences in forms of entitlement and eligibility for services, the historical role of the Community and Voluntary sector in Ireland, and cultural and political contexts.

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Wimbush, E. (2011). Implementing an outcomes approach to public management and accountability in the UK – Are we learning the lessons? *Public Money and Management, 31*(3), 211-218.

Appendix A: Individuals consulted

Professor Tony Bovaird, University of Birmingham, England

Carolyn Gullery, Canterbury District Health Board, New Zealand

Marion Meany, Health Services Executive

Donie O'Shea and Dharragh Hunt, National Disability Authority

Nick Temple, Social Enterprise UK

Lynda Wilson and Paul Marsden, Barnardos UK

Appendix B: Useful resources

Tools and guidance

Public Procurement Guidelines including Guidelines for Competitive tendering are published by the Office of Government Procurement at http://www.procurement.ie/publications

Commissioning and procurement toolkit: Local government and health. UNISON Northern (2008). Available at: http://www.european-services-strategy.org.uk/news/2008/commissioning-and-procurement-toolkit-for-loca/procurement-toolkit.pdf

Commissioning framework guidance and good practice. Guide for local authorities and partners. Welsh Assembly Government. Available at: http://gov.wales/docs/dhss/publications/100810commissioningguidanceen.pdf

Public Spending Code http://publicspendingcode.per.gov.ie/

All Irish public bodies are obliged to treat public funds with care, and to ensure that the best possible value-for-money is obtained whenever public money is being spent or invested. The Public Spending Code is the set of rules and procedures that apply in Ireland to ensure that these standards are upheld across the Irish public service. The Code is maintained on this website under the management of the Central Expenditure Evaluation Unit (CEEU) of the Department of Public Expenditure & Reform as a resource for the entire Irish public service.

Tools for commissioners

How to ensure a five star public sector commissioning process. A checklist to help commissioners engage with the community and voluntary sector in the commissioning process. NCVO. Available at: http://knowhownonprofit.org/how-to/how-to-ensure-a-five-star-public-sector-commissioning-process

Individual commissioning competencies handbook. A tool to assist commissioners in identifying and improving upon the skills required for successful commissioning. NHS London Health Programmes. Available at: http://www.londonhp.nhs.uk/icch/ICCHOverview.html

Preventing gang involvement and youth violence: advice for those commissioning mentoring programmes. Early Intervention Foundation (2015)**.** Practical guidance and checklists focusing on choosing, commissioning and evaluating mentoring services for young offenders. Available at: http://www.eif.org.uk/wp-content/uploads/2015/01/Guide-to-Commissioning-Mentoring-Programmes-FINAL-VERSION-1.pdf

Good Commissioning Framework. Guidance for Commissioning Children's Services. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182307/good_Commissioning_principles_and_practice.pdf

Tools for the community and voluntary sector

Social Value and Commissioning toolkit: A guide for charities on social value and commissioning produced for the Children's Partnership – 2015. National Council for Voluntary Organisations (NCVO). Available at: http://thechildrenspartnership-knowledge.org.uk/media/1089/social-value-and-commissioning-toolkit-final-with-ncb-logos.pdf

Understanding commissioning and procurement: a guide for local compacts. Compact Voice (2013). A practical guide aimed at the community and voluntary sector. Available at: http://www.compactvoice.org.uk/sites/default/files/understanding_commissioning_and_procurement_guide.pdf

Guidelines on commissioning for outcomes

Commissioning for outcomes and co-production: A practical guide for local authorities. New Economics Foundation (2014). Provides useful templates for implementing a commissioning approach. Available at: http://b.3cdn.net/nefoundation/974bfd0fd635a9ffcd_j2m6b04bs.pdf

Commissioning for better outcomes: A route map. Guide to the 12 standards that need to be in place to achieve person-centred and outcomes-focused commissioning. University of Birmingham. Available at: http://www.local.gov.uk/documents/10180/5756320/Commissioning+for+Better+Outcomes+A+route+map/8f18c36f-805c-4d5e-b1f5-d3755394cfab

Commissioning for outcomes: a resource guide for commissioners of health and social care. Liverpool NHS Primary Care Trust (2012). A step by step guide for commissioners using the ABC Commissioning Model. Including templates for creating an outcomes strategic map and logic model. Available at: http://www.fadelibrary.org.uk/wp/wp-content/uploads/downloads/2011/11/Commissioning-For-Outcomes.pdf

Tools for evaluating performance

Guide to strategic commissioning. Social Work Inspection Agency (Scotland, 2009)**.** Guidelines for evaluating performance on commissioning of care and supports for children, young people and adults. Step by step guide with a variety of templates. Available at: http://www.gov.scot/Resource/Doc/284958/0086536.pdf

South Australia Clinical Commissioning Framework. Government of South Australia (2013). Includes framework and templates for measuring the performance of health systems. Available at: https://www.sahealth.sa.gov.au/wps/wcm/connect/74f0b6804eedd8a2b429b76a7ac0d6e4/Clinical+Commissioning+Framework+2015.pdf?MOD=AJPERES&CACHEID=74f0b6804eedd8a2b429b76a7ac0d6e4

Websites

Better Commissioning programme
An online resource from the Department of Health (UK), Care Services Improvement Partnership with a wealth of information on various aspects of commissioning as well as practical tools and resources. Available at: http://collections.europarchive.org/tna/20090610005017/http://dhcarenetworks.org.uk/BetterCommissioning/

Know How Non Profit
Wiki guide to various aspects of commissioning including evaluation, decommissioning and measuring social value. Available at: http://knowhownonprofit.org/funding/service

National Audit Office (NAO)
Successful commissioning toolkit, available at: http://www.nao.org.uk/successful-commissioning/
Decommissioning toolkit, available at: http://www.nao.org.uk/decommissioning/#

National Council for Voluntary Organisations (NCVO)
Information on commissioning and procurement. Available at: https://www.ncvo.org.uk/component/content/article/19-content/practical-support/public-services/92-commissioning-and-procurement?highlight=WyJjb21taXNzaW9uaW5nIl0=

The Kings Fund
Guide to measuring outcomes. Available at: http://www.kingsfund.org.uk/topics/commissioning/how-measure-improving-outcomes-guide-commissioners

Third Sector Research Centre (TSRC)
Hosted by Birmingham University, the TSRC carries out research on key issues of importance to the community and voluntary sector. http://www.birmingham.ac.uk/generic/tsrc/index.aspx

Centre for Effective Services

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Dublin 2

www.effectiveservices.org