Royal College of Nursing

RCN Policy Unit

Policy Briefing 13/2006

Health reform in England: update and commissioning framework

ABSTRACT
This short briefing is designed to highlight critical issues for nurses and nursing in the July 2006 Department of Health policy document "Health reform in England: update and commissioning framework", which outlines the next stages of the Government's reform agenda.

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Introduction

On the 13 July the Department of Health issued "Health reform in England: update and commissioning framework", including a commissioning annexe and "A Stronger Local Voice" setting out plans for the future of public and patient involvement. These documents are substantial and significant in terms of the next stages of the Government's reform agenda and the RCN will be responding to them all. This short briefing is designed to give an immediate overview of the key proposals and suggest what some of the critical issues may be for nurses and nursing. This is the start of the RCN's thinking in response to these documents therefore we would welcome your thoughts, comments and observations. Please send these to policyadvisers@rcn.org.uk.

Vision: NHS plan part 2 (06-10)

A decisive shift to devolve reform with patients, commissioners and clinicians as the main drivers (not national targets/central performance management) and a reaffirmation of the commitment to a diverse provider base. More extensive and comparable information on quality and safety of care (reference to core standards being agreed), personalised and integrated services (particularly with Local Authorities) and more scope for clinical leadership.

Commissioning

Means to achieve "best value". Focus on commissioning hospital services with further framework to follow in December on primary care services and LTC.

In circumstances "where provision is either unavailable or failing to meet required standards commissioners will be encouraged to use open tendering" to improve services and any "willing provider will be free to compete". Especially relevant will be experience in addressing health inequality. "In many cases the services can be delivered through existing contracts without the need for tender".

Robust contracts to specify health inequalities and health gain. National model contract to be developed for procurement from all potential providers for services covered by PbR.

Poor performance can be contested. Local people have the right to petition PCTs formally if providers are failing to respond to local needs. PCTs to

undertake equality and diversity impact assessments on commissioning plans.

PCT prospectus to signal strategic direction for local services and proactive tool for engaging the public.

"Interventional approaches" can be used by PCTs to tackle variations in referral/ surgical/A&E attendance/intervention rates. For example "referral management centres" to accept GP referrals and provide advice on next steps and "prior approval" of clinicians in secondary care to confirm intervention proposed by GP. PCTs required to introduce incentive schemes to engage practices in redesign to deliver care closer to home – must be "cash-releasing."

Issues

- Strong emphasis on demand management. Will clinical need or cash be the key driver and what role may nurses be expected to play in assessing "appropriateness" for referral/admission?

- What will be the impact of a new contract culture? Contracts will have a very significant role in securing financial balance, will there be tensions with clinical decisions/involvement, are there risks of manipulation of clinical data, could contracts replace relationships, will there be increased bureaucracy? Contracts will be activity based – will this result in rationing through contracts?

- Could Public Petitions be motivated by single/limited interest groups and competitive tendering be driven by cost as opposed to quality considerations?

- Overall there will still be strong national (DH) controls but local accountability!

Commissioning for support services

OJEU placed to enable the buy in of specialist expertise to support commissioning – "DH will achieve better value for money by procuring a single framework contract".

"The procurement relates only to the commissioning function and makes no assumptions about, nor does it have any implications for, the provider function. The commissioning function is and remains a statutory responsibility of the PCT board. The board remains accountable for the effective discharge of the function and cannot delegate this accountability to any other body". It's for PCT boards to decide they want to access this expertise.

Issues

- There was no consultation on OJEU. What transparency will there be to the procurement process and how/who will/can be held to account?

- What's the relationship between commissioning & provision? If one is strengthened will the cause/effect be to weaken the other? If so could the NHS provider role be significantly diminished without every having to say publicly that this is the policy?

- Will there be strong pressure on PCTs to divest themselves of their provider functions even though there is no explicit national policy?

Note – the Memorandum of Information and Pre-Qualification (the bidders pack) have not yet been released.

Provision

The position on direct provision remains as set out in the White Paper – "there is no requirement or timetable for PCTs to divest themselves of provision". With appropriate governance arrangements PCTs will continue "to provide community services directly where this is best for patients in terms of quality and value for money".

Where PCTs provide services they will need to put in place clear governance procedures that ensure no undue influence by the provider side on commissioning decisions.

There will be up to 100 FTs by the end 07 and the feasibility of community NHS FTs will be explored for providers of community services. Government is attracted to this "keeping them wholly within the NHS, protecting staff terms and conditions, including pension provision".

Issues

- What quality measures will be used to judge both that an existing provider is failing and a new provider really can deliver?

- What role is there for patients/public in determining who new providers are and what information should be publicly available about a new providers "track record" and what is genuinely commercially sensitive?

- We did not oppose the principle of FTs (RCN Scorecard) therefore Community FTs could be a model we want to more actively support.

Incentives/tariffs and regulation

Regulation to be refocused with a stronger emphasis to guarantee quality and clinical safety of services. Unbundling of tariffs to support care delivered closer to home. Reward providers investing in innovation and improving quality of care - possible penalties for those that don't.

Supplements to tariffs can be paid to cover the set up costs of new providers; the level of risk could be reduced by extending the contract length as could the capital investment required by the new provider.

Issues

- Important to identify nursing contribution to tariffs particularly if they are to be unbundled. Without this risk that the nursing contribution will be invisible.
- Are supplements to tariffs financial sweeteners to new providers, does extending a contract contradict the intention of creating innovation and result in replacing one monopoly with another and shouldn't there be a level and transparent playing field for all providers?
- What evidence, in relation to patient safety, should/will potential new providers or commissioners produce as part of the tendering process.

Choice and voice

Focus on developing information on clinical measures and patient outcomes so can compare different providers of the same service. Will develop a set of principles for Choice (to incl what's affordable within NHS budget). Autumn publication on next steps.

Commission for Patient and Public Involvement in Health and Patient Forums to be abolished and replaced by Local Involvement Networks (LINks). LINks to work with Overview and Scrutiny Committees (OSCs) and can refer matters to them – will be one for each Local Authority with social services responsibility. Autumn White Paper on Local Government.

S11 duties to consult to be made more explicit with a new duty on commissioners and to explore how to more systematically involve patients/public in national policy.

Issues

- If Choice is limited by money how will priorities be decided and to what extent will clinicians be involved? Could this present opportunities to introduce financial top-ups or, similar to social care, move to individual budgets or even vouchers?

- Links will be area wide and not related to specific organisation plus will have fewer powers than patient forums. Unclear how s11 will change. Overall do these proposals represent a dilution of patient/public Voice?

Summary

This is an extensive programme of reform. The OJEU notice is a controversial element but it is critical to see it as part of the broader agenda. Some aspects of this are potentially just as challenging, such as competitive tendering and demand management, whilst others, like the focus on quality standards and clinical leadership, present opportunities. Overall many of the key principles informing this agenda are ones the RCN would support, however critical questions still remain about what the Governments "end game" is. As always the real test will be the translation of policy into practice and this is a process nursing and the RCN must play a leading role in.