



Australian Government

**phn**  
NORTH WESTERN  
MELBOURNE

An Australian Government Initiative



Respect

Innovation

Equity

Collaboration

# COMMISSIONING FRAMEWORK NORTH WESTERN MELBOURNE PHN



## North Western Melbourne PHN

ABN 93 153 323 436

Telephone: (03) 9347 1188

Fax: (03) 9347 7433

Street address:

Level 1, 369 Royal Parade, Parkville, Victoria 3052

Postal address:

PO Box 139, Parkville, Victoria 3052

Email enquiries: [mpcn@mpcn.org.au](mailto:mpcn@mpcn.org.au)

## Disclaimer

While the Australian Government Department of Health has contributed to the funding of this material, the information contained in it does not necessarily reflect the views of the Australian Government and is not advice that is provided, or information that is endorsed, by the Australian Government. The Australian Government is not responsible in negligence or otherwise for any injury, loss or damage however arising from the use of or reliance on the information provided herein.

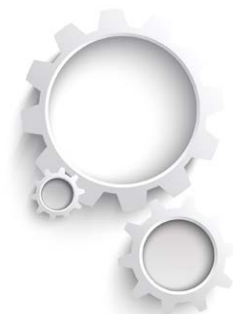
## Acknowledgements

North Western Melbourne PHN acknowledges the people of the Kulin nation as the Traditional Owners of the land on which our work in the community takes place. We pay our respects to their Elders past and present.

RA439a ©MPCN 2016



# Contents



<b>1. Introduction</b>	<b>1</b>
Shared understanding	1
<b>2. Our Guiding Principles</b>	<b>3</b>
<b>3. The Commissioning Cycle</b>	<b>4</b>
<b>4. The Commissioning Process in Detail</b>	<b>5</b>
Develop insight	5
Plan and deliver	6
Evaluate and improve	7
Commissioning timeframes	8
<b>5. Engaging Stakeholders in Commissioning</b>	<b>9</b>
The right people	9
The right time	9
The right way	10
<b>6. Roles and Responsibilities in Commissioning</b>	<b>11</b>



# 1. Introduction



**This document articulates the North Western Melbourne Primary Health Network's (NWMPHN) approach to commissioning. It is a mechanism to communicate our thinking and approach to our stakeholders, and to engage them in our journey to become a sophisticated commissioning body. As our understanding and experience continues to grow, we will refine and update this framework.**

Commissioning is at the core of what PHN's will do and provides a tool to pursue our strategic objectives. The transition to a commissioning model represents an opportunity to implement needs-based, locally-appropriate, patient-centred and evidence-informed solutions and strategies to address the health needs of our communities. Regional commissioning of services enables strategic and targeted action to address the needs of our catchment as a whole, and the diverse needs of sub-groups within our region to support health equity.

As a regional commissioning body we will engage local communities and local providers in the strategic development of quality services to address local community needs. Commissioning is a key mechanism to drive performance management, accountability, evaluation and ultimately value for money.

## Shared understanding

The term commissioning means different things to different people, and the true meaning can depend on the context in which it is used. The first step towards achieving a clear and shared understanding is establishing a common language to support effective communication.

**Commissioning** has variously been defined as:

- 'a continual and iterative cycle involving the development and implementation of services based on planning, procurement, monitoring, and evaluation;<sup>1</sup> and
- 'the process of ensuring that the health and care services provided, effectively meet the needs of the population. It is a complex process with responsibilities ranging from assessing population needs, prioritizing health outcomes, procuring products and services, and managing providers.'<sup>2</sup>

For us, commissioning is simply one approach to addressing health needs and health inequities. It involves the ongoing process of assessing community need, determining desired outcomes, designing and implementing solutions and monitoring the effectiveness of those solutions. Often, but not always, commissioning includes the procurement of services or programs.

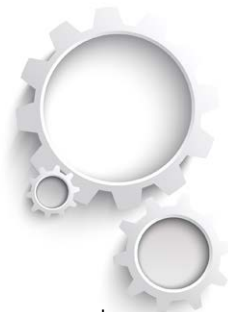
**Outcomes-based commissioning** is another frequently used term. One definition describes this as an 'approach to commissioning health care that is based on the combination of five components: (1) use of outcomes; (2) a population approach; (3) use of metrics and learning; (4) payments and incentives; and (5) coordinated delivery. Rather than an individual intervention, it is one part of a broader approach to transforming a whole health care system.'<sup>3</sup>



1. Department of Health, Australia (2015). Needs Assessment Guide [draft]. Australia.

2. Department of Health, United Kingdom (2009). The case for change - the need for collaboration.

3. The Health Foundation 2015. Need to nurture. Outcomes based commissioning in the NHS. [www.health.org.uk/sites/default/files/NeedToNurture\\_1.pdf](http://www.health.org.uk/sites/default/files/NeedToNurture_1.pdf)



A useful illustrative definition states that outcomes based commissioning 'may for example replace a block contract to provide 2,000 hip replacements a year with a contract to deliver an agreed level of hip mobility for a defined population in the region, ensuring people are mobile and not in pain. Hip replacements might be the right answer in some cases, but probably in fewer cases than before, and most importantly that decision is directed much more by the outcomes that the patient is seeking.'<sup>4</sup>

An approach that prioritises outcomes rather than volume, and promotes the voice of patients, is desirable and closely aligned with the concept of 'accountable care' organisations. Effective outcome measurement is challenging and requires a level of sophistication and maturity from both the commissioning body and the provider market, which we will need to build to over time.

**Co-design** or co-production refers to approaches that actively involve relevant stakeholders in the service design process. This can improve the suitability and usability of solutions, and has been shown to result in more innovative design process outputs.<sup>5</sup> In the commissioning context, a co-design approach might involve community, consumers, providers and/or other stakeholders being part of the process of designing strategies or health interventions to address needs that have been identified and agreed.

Commissioning requires **market analysis**, and is necessary to understand the size, scope, functionality and drivers of the potential and actual provider market. Market analysis involves mapping and analysing the market to identify factors like oversupply or undersupply, market strengths and weakness, the maturity and flexibility of the market and the opportunities to build or enhance the market.



4. Capita. Outcomes based commissioning in the health sector. [www.capita.co.uk/~media/Files/PDF/Outcomes%20based%20commissioning%20in%20the%20health%20sector.pdf](http://www.capita.co.uk/~media/Files/PDF/Outcomes%20based%20commissioning%20in%20the%20health%20sector.pdf)

5. Mitchell, V., Ross, T., May, A., Sims, R., & Parker, C. (2015). Empirical investigation of the impact of using co-design methods when generating proposals for sustainable travel solutions. CoDesign. <http://doi.org/10.1080/15710882.2015.1091894>



## 2. Our Guiding Principles



NWMPHN's vision is to improve the health of everyone in our region. Our mission is to strengthen primary health care and connect services across the system. **Equity, respect, collaboration and innovation** are the guiding values that we apply to everything we do and every interaction we have.

NWMPHN has four strategic goals:

1. Respond to local and national priorities in order to reduce the burden of disease and improve population health outcomes.
2. Improve quality of care and individual outcomes.
3. Improve integration and coordination of care across the continuum.
4. Create a sustainable organisation that is well positioned to influence the reform of the health care system and take advantage of new opportunities.

We do this by:

- Identifying and understanding the priority needs in our region.
- Supporting, developing, innovating, coordinating and measuring service responses to address priorities.
- Strengthening and supporting general practice and the system as a whole.
- Demonstrating a commitment to quality, safety, efficiency, genuine value and innovation in everything we do.
- Working closely and collaboratively with government (Commonwealth, State and Local), general practice and other primary health care service providers, Local Hospital Networks, Non-Government Organisations, the private sector and patients, consumers and carers.

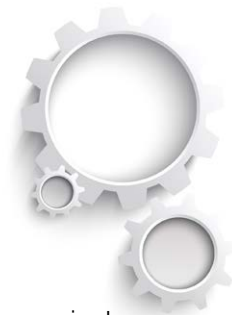
The principles we have adopted to guide our approach to commissioning are consistent with and support our overarching organisational vision, mission, values and goals. In developing these principles we have examined many excellent examples of commissioning principles, reflected on their alignment with our organisational strategy and considered the need to articulate principles that are realistic and consistent with our current level of maturity and scope as a commissioning body. Our Clinical and Community Advisory Councils have also provided important insights and input throughout the development process.

### Principles

**The principles which guide our approach to commissioning are:**

1. Undertake commissioning in a manner consistent with our strategic objectives and our values of equity, respect, collaboration and innovation.
2. Establish trusted relationships and robust partnerships with broad groups of stakeholders.
3. Undertake meaningful and multifaceted engagement with community, consumers, carers, advocates, providers, policy makers and others throughout the commissioning cycle.
4. Ensure that activities at each stage of the commissioning cycle are informed by evidence and need, and are undertaken with due consideration of potential innovations.
5. Shape and support the market to ensure stability, sustainability and value in the short, medium and longer term.
6. Adhere to best practice procurement, which promotes transparent, fair and equitable competitive purchasing.
7. Eliminate unnecessary and burdensome reporting and administrative requirements, and embed a focus on achieving measurable outcomes throughout the commissioning cycle.
8. Implement effective monitoring and evaluation strategies that drive efficiency, effectiveness and quality, and that contribute to the evidence base.

### 3. The Commissioning Cycle



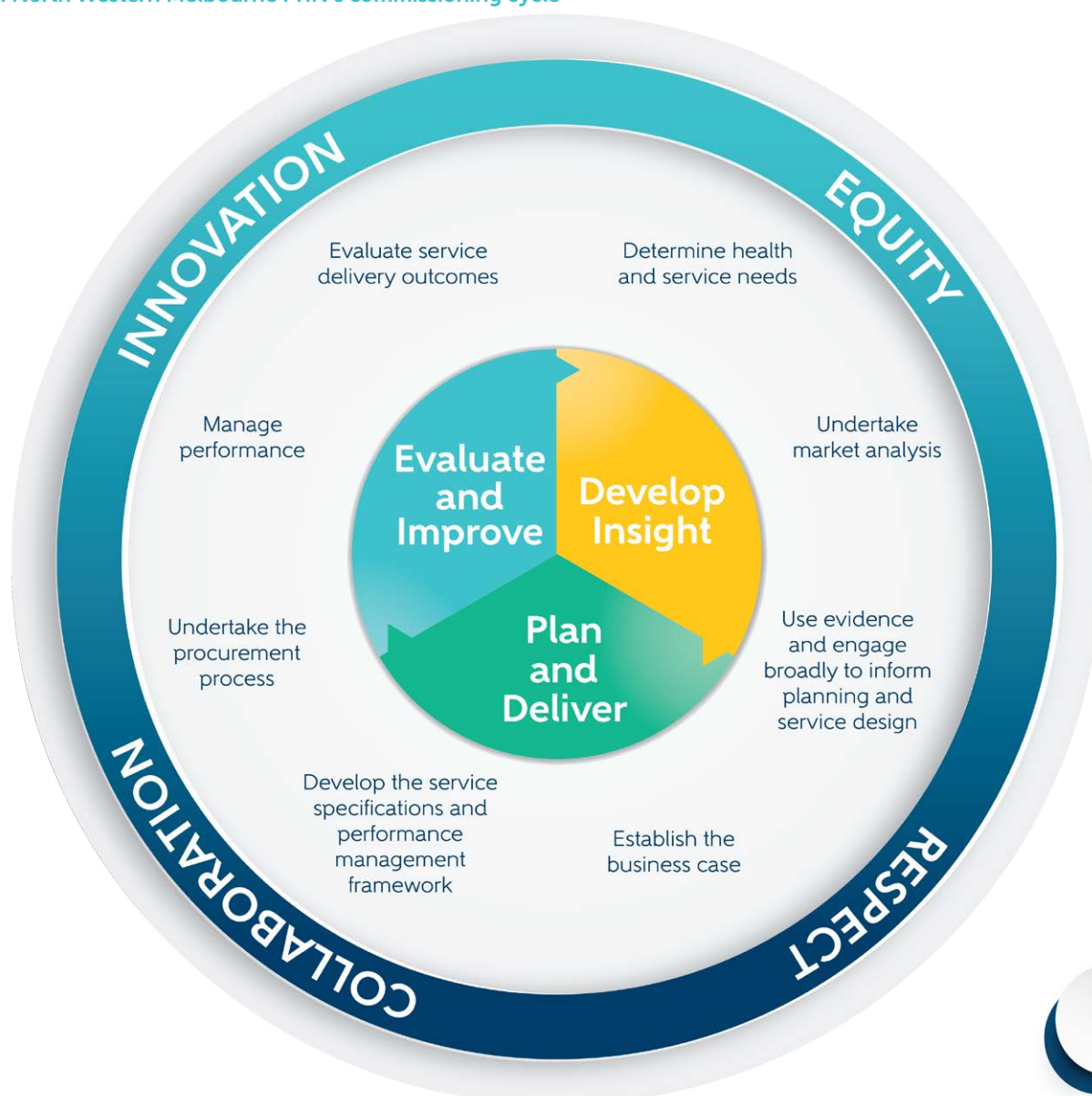
Commissioning processes are almost always summarised using a cycle diagram; however, the number of segments and the labels differ based on what commissioning organisations see as priority features.

Our cycle has three segments. The first segment promotes the importance of **developing insight** (for example, through needs analysis and researching evidence based solutions) whilst the third segment relates to **evaluation and improvement** (this encompasses monitoring, evaluation and evidence based improvement). Equally important as these two segments or phases is the **plan and deliver** segment, which includes the (sometimes more visible) components of commissioning such as co-design and procurement.

While the cycle is a useful way to communicate the theoretical components and activities associated with commissioning, the reality is often less tidy and more complex, with multiple activities and cycles occurring concurrently. Successful execution of the commissioning cycle requires careful planning and identification of priorities, and is heavily dependent on being able to clearly specify outcomes.

Commissioning is one tool in the toolbox for PHNs, and should not be thought of as a panacea to 'fix' the health system. However, done well it can improve integration, coordination and ultimately health outcomes.

Figure 1: North Western Melbourne PHN's commissioning cycle



# 4. The Commissioning Process in Detail



## Develop insight

Assess and prioritise local community health and service needs; identify and consider evidence regarding best practice strategies and initiatives; and assess the service system to understand relevant factors and drivers.

### Activities

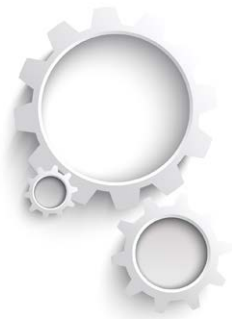
1. Utilise data and work with the community and partners to identify current and future population health needs, priorities and gaps in health care services.
2. Undertake market analysis to determine the strengths, weaknesses and gaps in the current service system.
3. Identify and consider the evidence about best practice strategies and initiatives to address the priority needs.

### Outputs

1. A needs assessment document that can be published and shared with funders and other stakeholders. While assessment of need will be an ongoing process, an annual document will be published to provide a point in time assessment of health and service needs and priorities, including health system analysis.
2. Market analysis and triangulation documentation.
3. Literature reviews and/or discussion papers that summarise the evidence base about what works, including relevant and credible innovations.







## Plan and deliver

Design evidence informed strategies that can be expected to achieve the desired outcomes; and undertake suitable and effective procurement.

### Activities

1. Building on the understanding of needs established in the first phase, engage broadly to develop the business case and to determine desired metrics and outcomes.
2. Co-design strategies and services with relevant stakeholders to address the priority needs, ensuring a clear link to the evidence base and/or relevant and credible innovation.
3. Utilise the market analysis undertaken to consider whether targeted development of the service system is required to meet the desired outcomes, and address as appropriate.
4. Determine the most appropriate way to procure services or otherwise support the implementation of the strategies; and undertake transparent, fair and equitable purchasing.
5. Establish clear, consistent and realistic performance management arrangements.

### Outputs

1. An iterative work plan that is updated annually, which will identify agreed NWMPHN priorities, and enable all participating parties to track progress.
2. A commissioning approach, which may include procurement, and associated resources and tools.





## Evaluate and improve

Manage performance and undertake monitoring and evaluation to drive continuous quality improvement, contribute to the evidence base about what works, and inform the ongoing investment strategy.

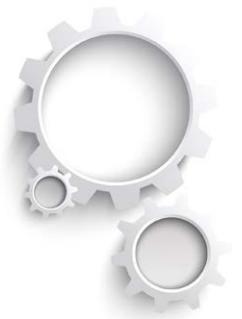
### Activities

1. Establish and implement monitoring and evaluation plans that incorporate both formative and summative evaluation approaches, are informed by consumer and stakeholder feedback, consider value for money, are realistic to execute and will contribute to the evidence base about what works.
2. Manage the performance of contracted providers in a way that promotes achievement of the desired outcomes, supports continuous quality improvement and ensures service sustainability.
3. Use the findings from monitoring and evaluation activities, including the collection of consumer feedback, to drive improvement in the efficiency and effectiveness of strategies and to inform ongoing planning and future investment strategies.

### Outputs

1. Targeted metrics and goals for service system improvement.
2. Monitoring and evaluation plans and reports, including consumer feedback.
3. Feedback and improvement plans and support for contracted services.

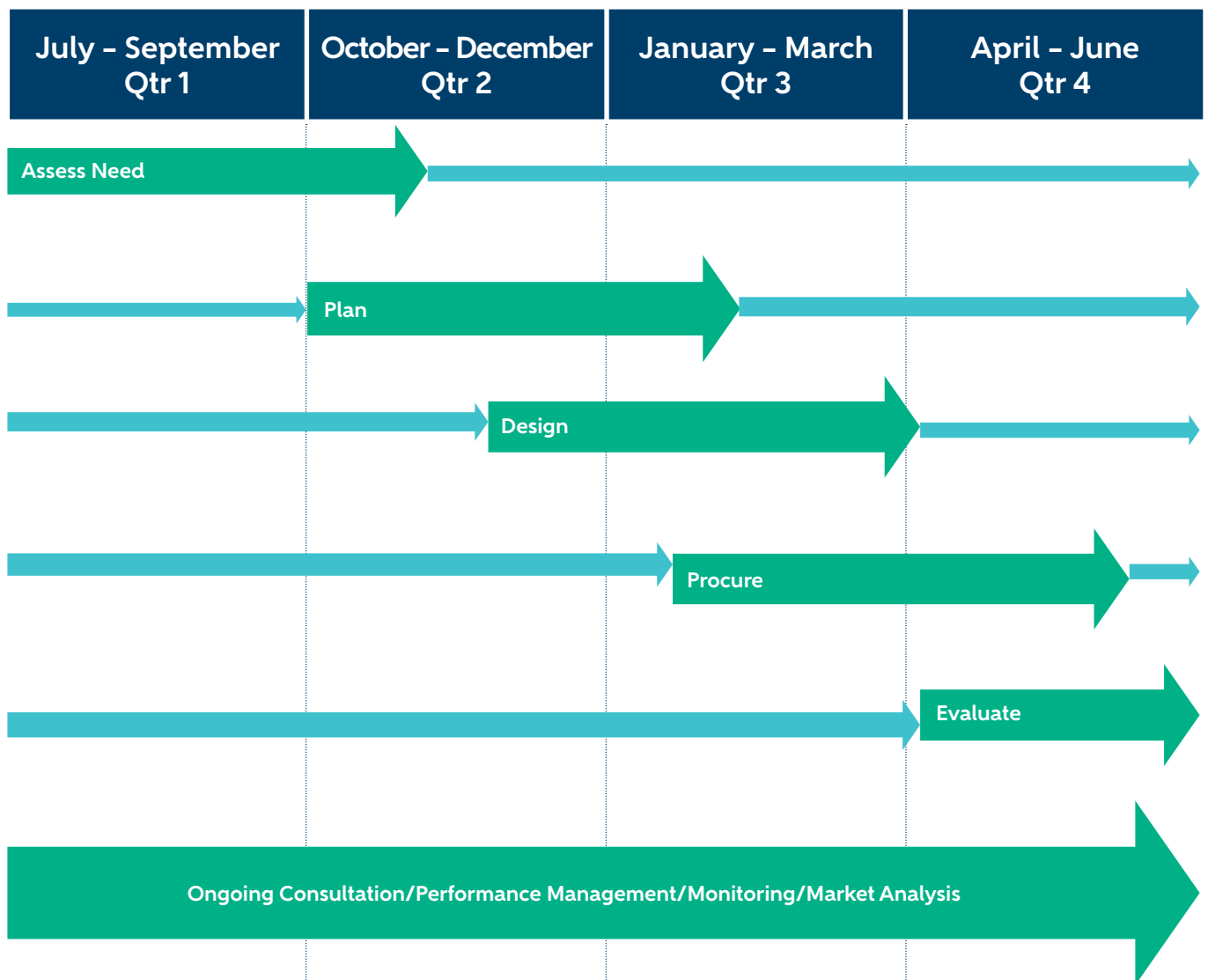




## Commissioning timeframes

Figure 2 outlines an indicative annual plan for commissioning. This shows that at certain parts of the year NWMPHN will be focused on particular segments of the commissioning cycle. However, in reality, commissioning activities will often be ongoing throughout the year. Different commissioning projects will have their own timeframes and schedule of activity, and sometimes activities will happen concurrently.

Figure 2: Commissioning calendar



# Engaging Stakeholders in Commissioning



**A multifaceted, robust and purposeful stakeholder engagement strategy is critical to successful commissioning. Our approach to engagement reflects the need to engage the right people, at the right time, in the right way.**

## The right people

In order to engage the right people we identify and understand all our stakeholders through stakeholder mapping, formal stakeholder management protocols, understanding how stakeholders already operate, and building a culture of outward facing collaboration.

We see our stakeholders as belonging to two broad groups:

- Community – the people, who live, work and seek care in our region.
- Partners – the organisations and individuals we work with at a strategic and operational level to develop and deliver our strategy.

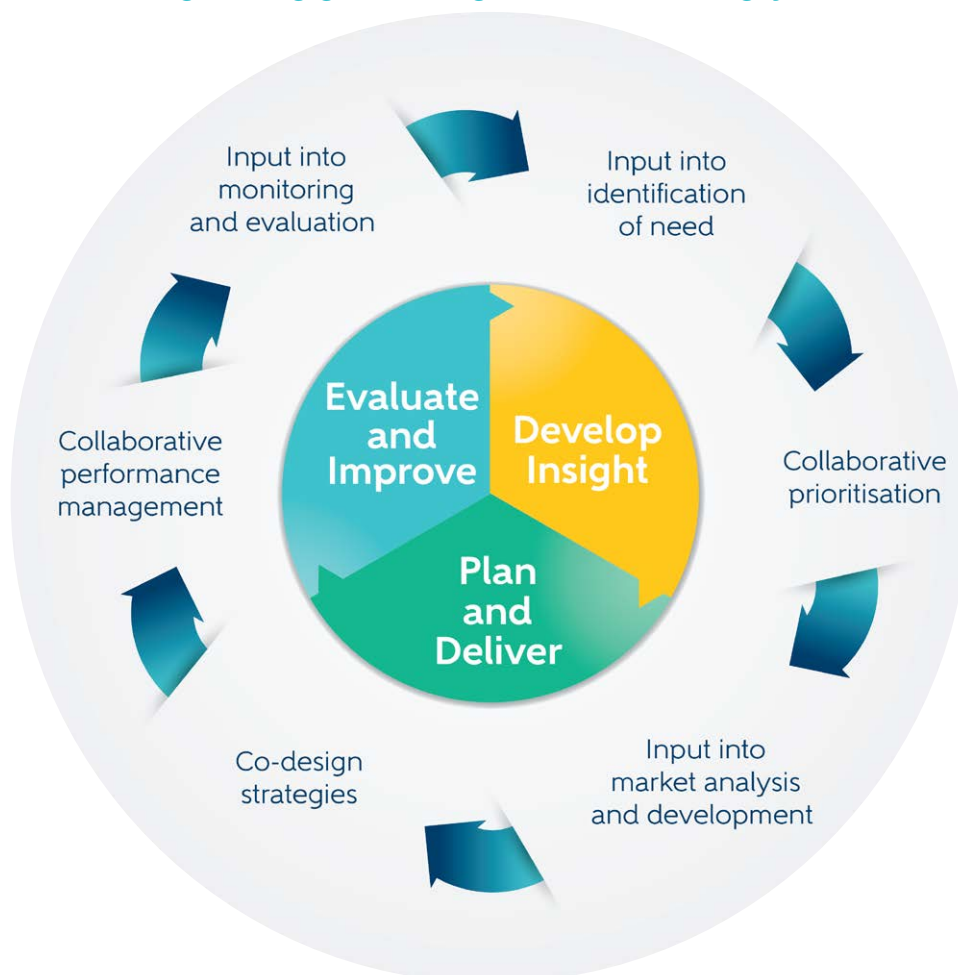
In a commissioning model, we consider our stakeholders to broadly fall into the following categories:

- Community, consumers, carers and advocacy groups.
- Direct providers (those we might contract to deliver services).
- Indirect providers (those who might be impacted by our actions and decisions).
- All three levels of government as funders, planners, providers, policy setters and potential co-commissioners.
- Experts and key informants (such as clinicians, academic institutions and peak bodies).

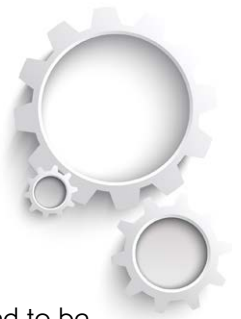
## The right time

In a mature model, strong clinical and community engagement is key throughout the commissioning cycle. Figure 3 illustrates some of the ways stakeholders can be engaged at various stages of the cycle, and in a range of commissioning activities.

**Figure 3: Engagement throughout the commissioning cycle**







## The right way

We think carefully about the nature of engagement: the purpose and role of stakeholder involvement and the ways our stakeholders might prefer to be engaged; and the way we can best engage them to meet the requirements of the work. Stakeholder engagement can be considered as existing on a spectrum that moves from passive to more active engagement (see Figure 4).<sup>6</sup> This model provides a useful way to think about what type of engagement might be appropriate, depending on the purpose, the stakeholders and the requirements.

The mechanisms used to engage need to be appropriate to the individuals and stakeholder groups, and the purpose of the engagement. Sometimes it will be necessary to consider the resource implications of different approaches. Wherever possible, making use of existing mechanisms and structures can reduce both the resources we need to allocate and the burden on stakeholders. Figure 5 provides some examples of different engagement mechanisms across the spectrum.

Figure 4: The spectrum of engagement, based on the IAP2 Spectrum

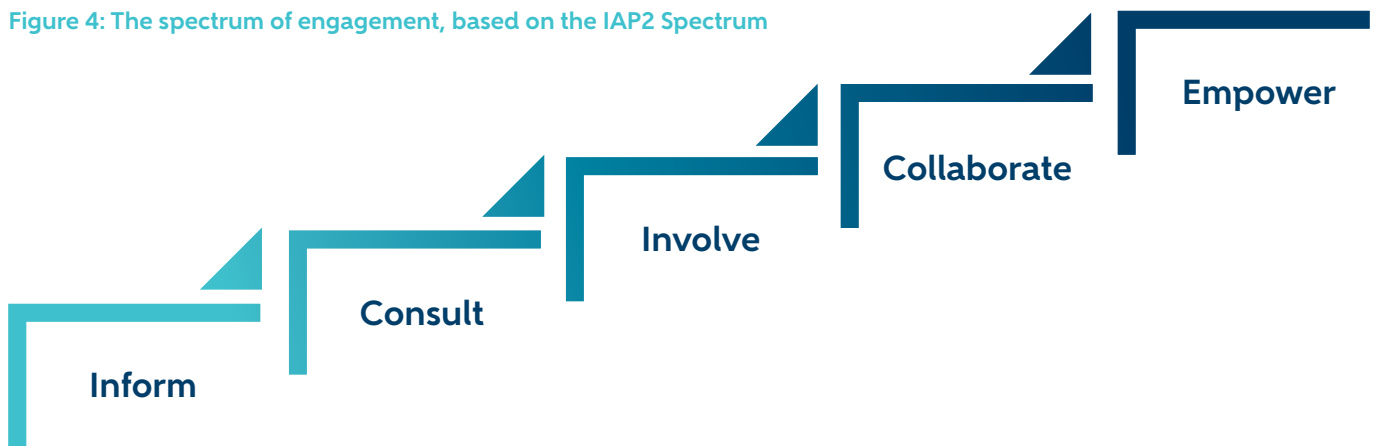
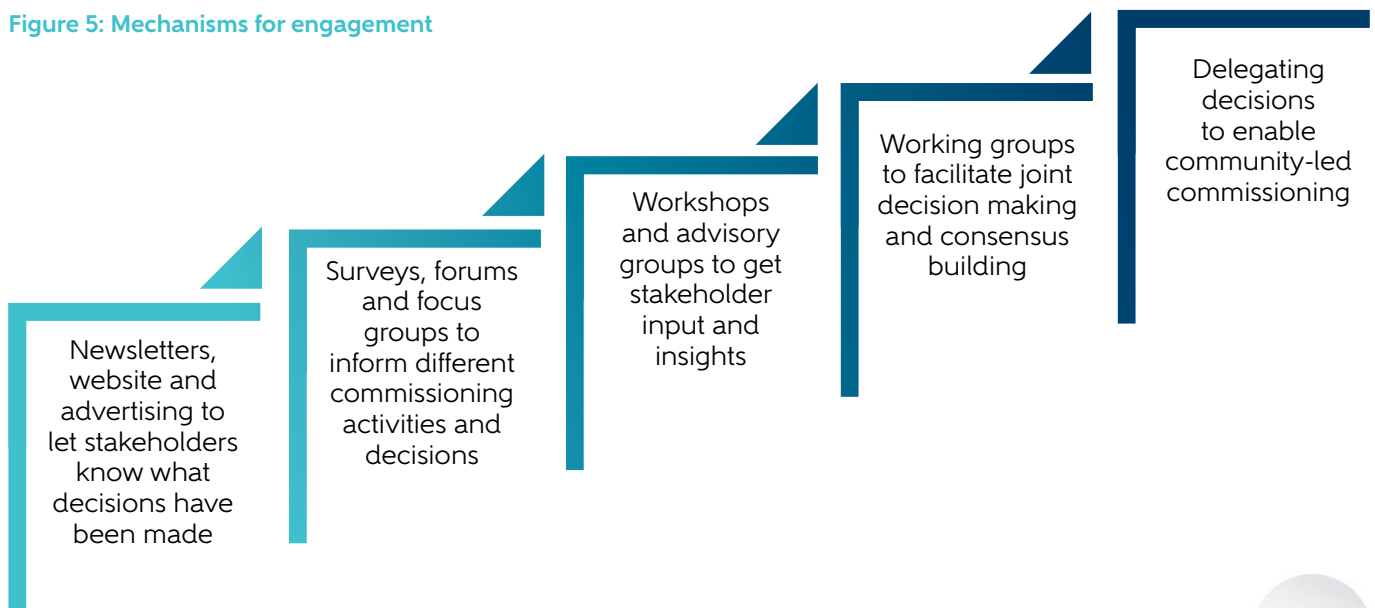


Figure 5: Mechanisms for engagement



6. [www.iap2.org.au/resources/iap2s-foundations-of-public-participation](http://www.iap2.org.au/resources/iap2s-foundations-of-public-participation)

# Roles and Responsibilities in Commissioning



The responsibility for successful execution of our approach to commissioning sits right across the organisation from Board level to include all staff. Table 1 below highlights the key responsibilities against the various roles within the organisation.

**Table 1: Commissioning roles and responsibilities within NWMPHN**

Role	Responsibilities
NWMPHN Board	<ul style="list-style-type: none"> <li>Setting the investment strategy, and broad priorities and evidence-based strategies</li> </ul>
NWMPHN Clinical and Community Councils	<ul style="list-style-type: none"> <li>Providing advice to the board on the unique needs of the region</li> <li>Helping to develop insight</li> <li>Supporting and enabling effective engagement</li> </ul>
NWMPHN executive	<ul style="list-style-type: none"> <li>Implementing the investment strategy set by the Board</li> <li>Guiding prioritisation of need and system analysis</li> <li>Establishing partnerships and collaborative arrangements</li> <li>Facilitating solution design</li> <li>Developing commissioning strategies</li> <li>Negotiating effectively with providers</li> <li>Undertaking performance management analysis</li> <li>Understanding and utilising emerging evidence, innovation and sector intelligence</li> <li>Influencing and persuading internally and externally</li> <li>Leading internal capability building, resource management, change management</li> </ul>
NWMPHN staff	<ul style="list-style-type: none"> <li>Assessing needs and analysing systems</li> <li>Devising appropriate solutions</li> <li>Managing programs and projects</li> <li>Mapping and analysing stakeholders</li> <li>Participating in partnerships and collaborative work</li> <li>Engaging with clinical and community stakeholders</li> <li>Managing procurement</li> <li>Undertaking financial analysis</li> <li>Managing provider performance</li> <li>Conducting horizon scanning: gathering intelligence, scanning emergent research and evidence, identifying innovations being trialled in the sector</li> </ul>

A woman wearing a black hijab and a black sweater is smiling and holding a baby. The baby is wearing a pink hooded outfit. A hand is holding a white card in front of the baby. The background is a blurred indoor setting with framed pictures on the wall.

Through our  
relationships we  
can improve the  
health of everyone  
in our region.





Australian Government

**phn**  
NORTH WESTERN  
MELBOURNE

An Australian Government Initiative

