

## Foundation Trust Network Consultation response

### Modernising Commissioning

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1. The Foundation Trust Network (FTN) is the membership organisation for NHS foundation trusts and has over 200 members comprising authorised and aspirant NHS foundation trusts (FTs) across the acute, mental health, community and ambulance provider sectors.
2. We are responding separately to the call for evidence to inform the Public Service Reform White Paper.

#### *FTs at the heart of the mutual sector*

3. FTs are public benefit corporations, a unique legal entity based on mutual traditions. They are a well-established success story which offer the practical means to achieve the government's ambitions for an expanded and enhanced role for mutuals in the provision of public services.
4. In 2009-10 FTs as a sector had 1.76 million members and received £24.56bn in activity-generated income. Through the FT member / governor model and initiatives such as service line management (SLM) and quality accounts they have a track record in delivering more efficient services that better meet the needs of people who use them.
5. The FTN considers that the FT sector should have maximum opportunity to attract external investment to deliver better public services. We were pleased, therefore, when the government announced in its health White Paper proposals to remove restrictions on the amount of income that could be generated from non-public sources to be invested in better patient care. This is something that the FTN has lobbied for actively and we hope this can be incorporated into legislation shortly.
6. The FTN also advocates strongly the advancement of payment by results commissioning in more areas, especially in mental health and community services. A strong rules-based system will help promote the stability which is required to meet the scale of the current productivity challenges.

#### *Democratic accountability*

7. The FT model is a tried and tested means of delivering local public service accountability and we consider there would be merit in extending it to other areas of public services provision.
8. On the commissioning side the government's health White Paper outlined arrangements for GP consortia to assume responsibility for contracting with providers. We can see merit in putting clinicians closer to commissioning decisions, but expressed concern in our response to the health White Paper about the accountability arrangements that would apply; it is vital that GP consortia are held to account for promoting system

sustainability and take every opportunity to develop quickly the requisite capability and capacity to commission effectively.

## **1. New Opportunities**

### *Payment by results*

9. We welcome the government's intention to extend payment by results as an approach to commissioning across the public sector. The FTN supports in principle the commitment to outcomes based payments, though much will depend on how commissioners operate this system. An important principle will be to commission for life outcomes not just clinical outcomes – i.e. wellness not just disease.
10. We consider it vital that an appropriate set of currencies and tariff is developed for mental health and community services at the earliest practical opportunity.

### *Innovation*

11. The FTN supports moves to enable innovation and creativity in new service delivery models. We strongly believe that FTs should have the maximum ability to work in partnership with other civil society organisations across care pathways to secure more patient-centred services and better public health, for example effectively targeting hard-to-reach communities; or working in areas which interface health and social care, for example, discharge services.

### *Working Capital*

12. The challenges in respect of access to working capital acknowledged in the paper are difficult and well understood by NHS foundation trusts. We consider that access to capital should be made available to all participants in the market, contingent on the extent of their public service obligation.

### *Independent provision*

13. We do not believe that the Government should set arbitrary limits on the proportions of certain services that should be provided independently. This should be based on local needs assessment and the local provider market in an area. Furthermore, as the market develops in the ways signalled by the Green Paper, service providers may contract as part of provider consortia which comprise both independent and public providers.

### *The right to challenge and provide – staff-led organisations*

14. The FTN took a strong view in responding to the health White Paper that while FTs might choose to give staff a greater voice on governing bodies, it would be inappropriate for the public to be less than a majority. This is because otherwise the accountability and democratic legitimacy provided by the current model would be compromised and there is a need to ensure that the voice of patient and public is heard at every level. This was accepted by the DH in its 15 December 2010 command paper which detailed its legislative intent.

### *Assets*

15. We consider that those organisations taking on community services should have the opportunity to secure the historic assets associated with provision in order to have the tools needed to lever value across the care pathway. For Community Foundation Trusts, it is important that the divested PCT assets are transferred.

## **2. More accessible**

### *Better procurement*

16. The levers identified in the Paper in relation to length of contracts, transparency and specifications as well as the time allowed to respond to tenders, complexity of contracts and risk are relevant not only for civil society organisations but all providers.
17. Plans to reduce the bureaucracy in procurement and improve transparency are welcomed, as they are ongoing barriers for all providers. However, in relation to the proposed Contracts Finder, it should be noted that in healthcare, a central procurement portal, Supply2Health is already in existence and commissioners are required to place all invitations to tender through the portal. In addition, other proposals regarding centralised procurement and the supply chain management standard should, in relation to healthcare, complement the working being undertaken as part of the procurement workstream under the national Quality, Innovation, Productivity and Prevention (QIPP) initiative.
18. Contracts need to be simplified both to enable commissioners to operate in a streamlined way in new emerging markets and to allow new providers (which could include NHS foundation trusts) to enter the market.
19. While maintaining contract simplicity, there should also be greater sophistication, or maturity, in recognising that delivery of outcomes is a shared responsibility of the contracting parties as commissioners; and foundation trust / independent sector and other civil society organisations as providers. Commissioners and providers can unite around the twin objectives of better outcomes and efficiency collaboratively within a competitive framework.
20. Contracting can be further developed so that providers (for healthcare - across mental health, acute services, rehabilitation, community and social care services) are better enabled and incentivised to collaborate and play to their strengths within an integrated care pathway centred round the patient. To incentivise this, contracts will need to be of sufficient length to make it worth providers investing in set up costs and provide for a reasonable return on investment.
21. Commissioners need to develop their expertise and understanding of provider-side issues. Whilst cost will always be a factor for consideration, the FTN agrees that commissioners also need to take into account overall value.

## **3. Value**

22. The FTN agrees it is vital that commissioners understand social, environmental and economic value as part of their commissioning and tendering strategies. We welcome a proportionate approach to incorporating these measures into the contracting process.

### *Quality Accounts*

23. NHS Foundation Trusts have ongoing dialogue with the public and patients as part of their strategic development, so that services can better reflect local priorities. This is perhaps most obviously done through Quality Accounts, although this is just one means of public and member engagement. The FTN has published some sector best practice and case studies on engaging with stakeholders as part of determining organisational strategic priorities, which are available on the [FTN website](#).

## *Sustainability*

24. Increasingly FTs are working to deliver efficiencies and quality improvement through the sustainability agenda and the FTN has now issued two [publications](#) which explore the potential for realising benefits through such activities – “Leading the field” and “Making Sustainability add up”, both available on our website and showing best practice in the sector.
25. Providers, and FTs in particular, increasingly understand the need to take into account sustainability matters, not least as a consequence of their strong governance and engagement activities. To date, commissioners have lacked this direct accountability mechanism and we suggest this is something that HealthWatch could seek to resolve.

## **4. Citizen and community involvement**

26. The NHS foundation trust model has at its heart a strong accountability to the public, patients, staff and other stakeholders, through its members and governors.
27. We welcome the government’s decentralisation agenda and support for NHS foundation trusts in its legislative programme.

## *HealthWatch*

28. The FTN agrees that there is a clear opportunity presented by the HealthWatch proposals for patients and the public to have a more significant strategic role than previous patient voice arrangements and to have a clear and direct input into local commissioning strategies.
29. Strengthening the voice of patients is vital to ensure the system is in balance (alongside regulators, providers and commissioners) and we welcome the proposals for HealthWatch at local and national level. Within the new system architecture consumers need to be represented in the dialogue with commissioners and HealthWatch provides a vehicle for patients and the public to achieve strategic oversight of commissioning within health economies.
30. It is important that HealthWatch should have clarity of purpose and should not compromise other existing mechanisms, such as the role and function of NHS foundation trust members and governors, which are complementary, yet distinct.

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