

## Executive Summary

The purpose of this business case is to inform the London PCTs of the progress in developing options for a London-wide Commissioning Support Service (CSS) and support the PCT senior management in their decision to approve the implementation of the CSS. This document sets out the challenges facing London's PCTs, the role of the CSS organisation in addressing these challenges, the characteristics of the organisation and the costs necessary to implement and operate the organisation. This document will feed into the overall Commissioning strategy and the activities of the London Commissioning Group.

This business case demonstrates that there are substantial benefits in setting up a CSS. Benefits of a CSS can be delivered to all PCTs regardless of the current maturity of their existing commissioning support systems.

This business case sets out an economic case for significant Return on Investment (ROI) and provides an almost cost neutral scenario in the short-term (excluding one-off mobilisation costs) to deliver effective commissioning support that will be capable of helping PCTs meet at least the minimum requirements of the "Fitness for Purpose" review, in conjunction with the additional demands of Payment by Results and Practice Based Commissioning. In addition, the CSS services will be supporting effective contract management to enable the PCTs to identify and effectively realise significant savings in the cost of healthcare provision across London.

On the basis of the consultative process and analysis undertaken in the development of this business case, the Commissioning Support Service Implementation Group (CSSIG) believes there is a compelling economic case for the implementation of a CSS organisation. It is therefore asked that the PCTs review the attached with the objective of making the following recommendations to their Boards:

1. Approval of the establishment of the CSS with immediate effect
2. Nominate candidates for consideration as representatives on the CSS Management Board (this may be managed through local Collaborative Commissioning Groups (CCGs))
3. Consider whether your PCT would wish to host the CSS
4. Agree the CSS running costs of £0.39 per head of population and the CSS mobilisation costs (£0.06 per head in 2006/07 and £0.14 per head in 2007/08)
5. Identify the staffing implications for your PCT and identify the challenges and opportunities that this presents

## Background

The proposal to establish a Commissioning Support Service (CSS) was set out in the document London: Commissioning for Health (L:CfH), produced by the Londonwide PCTs in June 2006.

The aim of the CSS will be to strengthen and drive excellence in healthcare commissioning through the provision of professional support services to commissioners. The CSS will provide resources, tools and best practice methodologies to support commissioners and commissioning activity.

The project team designing the CSS was tasked with identifying the services that a CSS will provide and demonstrating a viable business case for the organisation. This

process included understanding the current landscape, and developing the proposed organisation and governance structures, timescales, resources, costs and approach required to mobilise such an organisation. This understanding was gained through a series of workshops, meetings and one-to-one consultations with key stakeholders. The main body of the business case provides the detailed findings on each of these areas.

This Executive Summary includes:

- the overarching rationale for the development of the CSS
- an options analysis leading to recommendations
- the objectives of the CSS organisation
- a summary of the services the CSS will deliver
- the benefits of delivering these services from a CSS agency
- guiding principles and ethos of how the CSS will work, and next steps
- a summary of the key aspects of the Business Case.

## **Strategic context**

### **National challenges**

The Outline Business Case was developed as one of the Londonwide workstreams arising from the series of papers, including Health Reform in England and Commissioning a Patient-led NHS, which set out the framework for commissioning in the new NHS. The need to develop a radically new commissioning model for London is also a necessary consequence of the implementation of Payment by Results and Practice-based Commissioning; and the direction of travel for PCTs set by Choosing Health, the White Paper "Our Health Our Care Our Say" and the recent DH Health Reform: an Update is being confirmed by the present Fitness for Purpose exercise.

The national policies and recent developments described will change the way in which commissioning must occur in the future. A key element of current NHS system reforms in England is the belief that commissioning itself needs to be strengthened and reformed to make the best use of these allocated resources to:

- improve health and wellbeing and reduce health inequalities;
- secure access to a comprehensive range of services for served populations;
- improve the quality, effectiveness and efficiency of services; and
- increase choice for patients and ensure a better experience of care through greater responsiveness to people's needs.<sup>1</sup>

Effective commissioning to achieve these goals entails engaging in a complex set of inter-related activities – assessing needs; identifying service gaps; the rational prioritisation of investment decisions; procuring new services where needed; using incentives and contract specifications to secure improvements in efficiency and quality; developing a rich understanding of the views of patients and the local community; understanding current patterns of service utilisation to ensure care is provided appropriately and in the right place and working with providers of healthcare to ensure best practice in pathways of care.

### **Local challenges**

In 2007/8, commissioners in London will spend over £10.8 billion of public money on purchasing healthcare on behalf of the population. It is acknowledged that the

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<sup>1</sup> See Health Reform in England: Update and Commissioning Framework Annex (Department of Health, 2006)

development in commissioning described above will not happen without a step-change in the business processes which support commissioning, and particularly how information and analysis is used to support commissioning. The overarching rationale for the development of a Commissioning Support Service is the contention that many of the business processes which will support effective commissioning can be done both more effectively and more economically on a shared basis whilst leaving accountability and decision-making with Primary Care Trusts and Practice-Based Commissioners. This argument is partly derived from the challenge set by commissioning policy set out above, but also from observation of the current variable state of commissioning business support capacity across London. For example, the project team has identified that:

- PCTs have been unable to match Trust investment in resources to manage PbR and the contracts that support them.
- PCTs have been unable to devote sufficient time to specifying services to support legally binding contracts.
- PCTs are struggling to develop and run adequate and timely contract management systems to support working under Payment by Results.
- Commissioners have been unable to manage providers and the market effectively due to the impact of the timing of financial and analytical activity data.
- Commissioners have been struggling to accommodate and understand the implications, for the PCT, of coding and counting changes implemented by providers.
- Commissioners have been engaged in arduous and costly negotiations to agree and finalise monthly provider invoices.
- PCTs have struggled to provide Practice-Based Commissioners with reliable comparative information or evidence-based analysis to inform changes in practice.
- Commissioning by PCTs in London has been impacted by the lack of a standardised approach and process to the extraction, cleansing, validation, transforming and loading of data preventing effective comparison and evidence-based analysis.
- There are large variations in the maturity and complexity of systems that are used to support the full commissioning cycle.
- There are a large number of standard reports that all PCTs produce on a regular basis for the Department of Health, SHA and their local management teams and GPs. The quality and complexity of ad-hoc reports varies according to the systems and skills that each PCT possesses.
- The information and evidence base for many areas of commissioning is currently weak in many areas of care, such as mental health (although it should be noted that mental health is outside the scope of the initial implementation programme set out here).

These examples are counterbalanced by many successful examples of commissioning initiatives in many PCTs, but it remains the case that there is no consistent and universal bedrock of infrastructure support for commissioning activity in London. In addition, London PCTs have a commitment to collaborative working and are demonstrating the maturity to work together in order to support higher quality commissioning with all providers.

### Key benefits of the CSS model

It is clear that emerging policy and system reforms (such as the introduction of PbR), the reconfiguration of SHAs and the development of Practice-Based Commissioning, present a number of ongoing challenges for commissioning. Within this context, the concept of a CSS was developed to overcome some of the challenges outlined in the previous section. PCTs in London will meet challenging financial and service targets only by becoming significantly more effective commissioning bodies, which has been agreed to mean working together where appropriate, and doing only once what needs to be done only once.

The benefits of a collaborative approach to commissioning are both financial and non-financial, and can be summarised as:

- **Delivering economies of scale.** There is a strong case for significant economies of scale in provision of both the transactional aspects and in some of the higher-level analytical and specialist aspects of commissioning support. The CSS project has established that although there is some local variation in the transactional processes undertaken at each PCT, there is a very high degree of commonality. The PCTs consulted in the development of the business case were able to agree on the systems and services which could be provided under CSS arrangements.
- **Return on investment.** An investment in the CSS from PCTs will not only be value for money but will also deliver a return on the investment. Through economies of scale and the sharing of central transactional services such as data management, a business case is being put forward for the delivery of better cost control, savings and demonstrable returns on the investment.
- **Enabling the development of excellence in Commissioning.** Developing a centre of excellence for commissioning support is the best means to achieving this. Working on a scale beyond a single PCT allows specialists in information capture, analysis and contracting to develop expertise and allows investment in the IT infrastructure, training, etc needed to support them. This will give PCTs access to specialist skills that they would be unable to sustain in a single PCT.
- **Providing a vehicle for PCT collaboration.** Currently, collaboration in commissioning support is either vested in agencies dedicated to a finite portfolio such as specialist commissioning, or particular ad hoc projects such as joint work on model contract specification. There is no natural home for projects where PCTs and PBCs wish to commission joint support for commissioning activities. The CSS will provide a suitable host for such collaboration and a mechanism for scaling up good practice developed in some PCTs for the benefit of all.

The following table indicates how the implementation of the CSS will support the PCTs in meeting the challenges described in the previous section:

Challenge	CSS Response
PCTs have been unable to match Trust investment in resources to manage PbR.	The proposed CSS organisation provides the vehicle to effectively support Lead Commissioners in managing the delivery of services under the new model contract. This is achieved through the local CSS analyst and his/her focus on analysing the activity of the provider
PCTs have been unable to devote sufficient time to specifying services to support legally binding contracts.	The CSS provides additional local resources and a professional network of analysts to develop and agree service specifications and standards that support the management of provider contracts. This includes the potential provision of legal advice consistently across the London PCTs.
PCTs are struggling to develop and run adequate and timely contract management systems to support working under Payment by Results.	The CSS enables the PCTs to maximise the economies of scale available through joint investment in systems. The benefits of this joint investment in infrastructure is further enhanced by the benefits of consistent validation of data enabling the provision of comparative benchmark data.
Commissioners have been unable to manage providers and the market effectively due to the impact of the timing of financial and analytical activity data.	The single data infrastructure proposed for the CSS will enable Commissioners to access complete provider data for all PCTs using the provider. The local CSS analysts, working in conjunction with the Lead Commissioner, also provide the mechanism to drive improved data quality and better timeliness to support contract management
Commissioners have been struggling to accommodate and understand the implications, for the PCT, of coding and counting changes implemented by providers.	The ability to compare data across similar providers to identify coding trends and the associated financial risks for PCTs is a significant benefit of operating a CSS organisation. The CSS resources focused on analysing and driving timely, accurate data is also key in supporting the effective management of coding and counting practices in providers.
Commissioners have been engaged in arduous and costly negotiations to agree and finalise monthly provider invoices	The CSS provides a vehicle to manage provider relationships effectively on behalf of all London PCTs. The CSS focus on managing the transactional element of the relationship will allow the Commissioners to focus on developing and implementing new care pathways that deliver healthcare improved quality of care in agreed financial constraints.
The lack of a standardised approach and process to the extraction, cleansing, validation, transforming and loading of data prevents comparison and evidence-based analysis. PCTs have struggled to provide Practice-Based Commissioners with reliable comparative information or evidence-based analysis to inform changes in practice.	The common validation and cleansing of provider data will enable the CSS to provide PCT and Practice Based Commissioners with data that supports evidence based analysis and reliable comparative analyses. The CSS core team developing the information and reporting team will develop these tools based on the requirements of the Commissioners, fed back through the CSS analysts located in each PCT
There are large variations in the maturity and complexity of systems that are used to support the full commissioning cycle.	The CSS will provide a vehicle to develop Commissioning systems and tools that support PCTs in meeting the needs of the Fitness for Purpose reviews and PBC. The development of these tools in a single organisation will enable the PCTs to take advantage of the economies of scale and the access to scarce skills located centrally in the CSS.
There are a large number of standard reports that all PCTs produce on a regular basis for the Department of Health, SHA and their local management teams and GPs. The quality and complexity of ad-hoc reports varies according to the systems and skills that each PCT possesses.	The CSS provides the ability to develop standard reports efficiently and supports the ability to include comparative data in these reports with confidence that the data supporting comparisons has been similarly coded, validated and cleansed. PCTs will be able to share reports and analyses.

**Table 1: Commissioning Challenges and CSS Response**

## Options Analysis

In order to meet the requirements for a CSS and tackle the challenges described, a number of potential models were developed. All key stakeholders were engaged through workshops on Scope, Technology & Data, Products and Services, Organisation and Finance. Through the workshops and further stakeholder consultation, the options were analysed and decisions were reached (For further details see Appendix F).

A high level summary of the range of options considered is now presented. (For further discussion see Section 4).

### Scope

The project team worked with the attendees of the service specification workshop to identify the activities to be undertaken in the CSS. This workshop agreed the CSS organisation should include:

- A central team responsible for managing and validating provider data
- A central team responsible for developing information and reporting tools to meet the need of commissioners
- The provision of legal services

To ensure the CSS does not become remote from the PCT and Practice Based Commissioners it was agreed that central CSS teams will be supported by CSS analysts located in each PCT.

The other activities considered for the CSS but rejected were provision of procurement expertise, project management expertise, invoicing and payment activities, and specific support regarding arbitration.

It was also agreed that the CSS would deliver a set of core services for all PCTs across London and enhanced services for those PCTs that wish to invest further in these additional services.

### Governance

The project team considered a number of governance models for the CSS. These were: Do Nothing; Operate a virtual CSS; host the CSS with an existing NHS organisation or to outsource CSS activities to a third party.

Having considered the options, the project team are recommending the CSS is hosted by an existing NHS organisation. It was agreed that outsourcing the CSS was not appropriate due to the growth agenda over the next 18-24 months; operating a virtual organisation would not deliver sufficient benefits over doing nothing and to "Do Nothing" was not a viable option.

Potential hosts for the CSS in the second option include a PCT, NHS London, the London Health Observatory or a similar NHS organisation from outside the London Strategic Health Authority. Having considered these options the recommendation of the project team is that the host of the CSS should be an existing PCT in London.

### Technology

Having considered the options it is recommended the central data management system and reporting tools be provided either by extending an existing PCT Service system or be procured from an external supplier. The recommended solution will be selected following a procurement and selection process. The technology options that were discarded include Do Nothing; Develop and extend an existing PCT system outside of London; Purchase and develop in-house a 'best of breed' system or Outsource to a private sector company.

### Preferred option

After analysis of the options following stakeholder consultations, the options for a PCT-hosted CSS providing core and enhanced services with a central data management solution has been recommended as the most favourable model for delivery when compared to the other options.

This concept of the CSS responds to the need for a consolidated and centralised approach to obtaining provider data. This drives the activity at the heart of the CSS, which is to provide high quality support to PCTs and PBC through a range of products and services delivered by teams of dedicated and highly skilled individuals and services. This is represented in the diagram below.

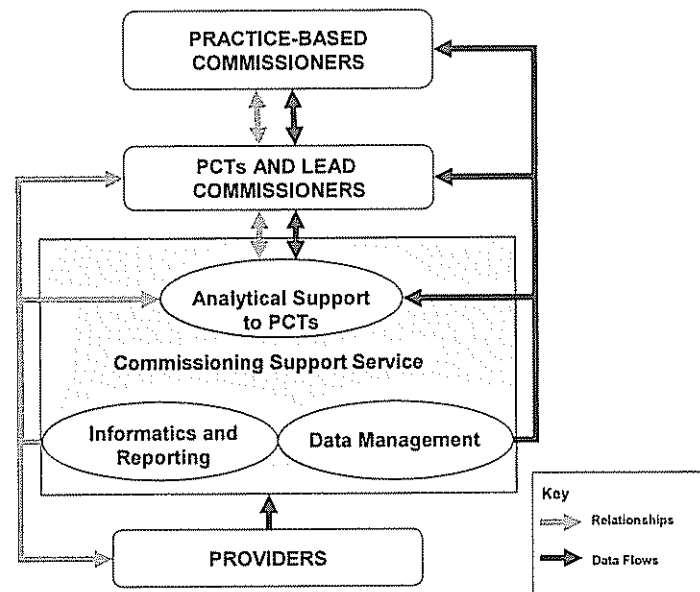


Figure 1: CSS Concept

### Guiding Principles

The CSS organisation will need to:

- Operate as an NHS organisation, preferably hosted by a London PCT:
- Operate with many team members based in PCTs to maintain a local focus, supported by a small central CSS team
- Be governed by a management board where effort has been made to include a variety of stakeholders and make the CSS lean and agile
- Work closely with and have support from all stakeholders, in particular PCTs and providers, in order to operate successfully and deliver joint process improvement
- Offer value for money and provide the basis on which PCTs can deliver savings to contribute towards their management cost reduction targets
- Allow the contesting of the CSS services in the future to ensure continued value for money

- Deliver an organisation that is innovative and forward thinking in its approach to supporting commissioners, with the flexibility to develop services as agreed with the CSS board and in response to market changes
- Be responsive and flexible to new demands and policy directives
- Support and enable all commissioners in their decision-making by providing best practice services and data in a timely and appropriate manner
- Improve support for commissioners by acting responsively to their ongoing requirements, both day-to-day and in the long-term
- Be a learning organisation that facilitates the adoption of good commissioning practice across the NHS London
- Provide central data management and validation, driving consistency and standards.

## **CSS Operating Model**

It is envisaged that the CSS will be a single entity with uniform processes, serving all 31 of London's PCTs. Initially, each PCT would elect to engage the CSS at one of two levels – core and enhanced. All PCTs will be expected to commit to the core service as a minimum, with an option to 'upgrade' to other enhanced services. These service levels are expanded in Sections 3 of the business case document.

### **Vision**

The CSS will provide high quality, professional services offering data management, information analysis and support of relationship management, designed to support excellence in healthcare commissioning across the PCTs and PBC in London.

### **Objectives of the CSS**

The CSS objectives are to provide:

- Existing commissioning support activities more economically and effectively
- An extensive and high-quality data management and validation system to support commissioners
- A mechanism for PCTs to meet their national and local reporting and analytics needs
- Support in the relationship between PCT and providers to help commissioners in managing contracts and the performance of providers
- Innovative analyses of activities to help commissioners develop approaches to changes in the health economy

The design of the CSS and the aims and objectives reflect the need for the CSS to deliver against these objectives. The CSS will be a lean, professional and high quality organisation. It is important that the CSS is not perceived as taking over the role of commissioning from PCTs, Practice-Based Commissioners and Lead Commissioners. It will exist to support commissioners, ultimately strengthening commissioning to improve patient care and experience. The CSS must offer a new and exciting approach to supporting commissioning, be innovative, cutting edge, evidence-based and operate with high standards, based on solid foundations.

### Scope of the CSS

The design and scope of the CSS in supporting Commissioning across London has been informed by the findings from various stakeholder workshops and meetings throughout the consultation phase of the project. The scope summarised below reflects the overall objectives of the CSS. The detailed scope can be found in Section 3 of the business case.

The Outline Business Case developed by the CSS Implementation Group provided a framework of services that were felt feasible for a CSS to provide and deliver in London. These products provided a basis of discussion throughout the consultation process, from the initial launch event, the service specification and IT systems questionnaire and the various workshops held throughout the course of the process; specifically, Workshop 3 – Service Specification (Appendix A(i) & Appendix F).

The Service Specification Workshop specifically aimed to reach agreement on the list of products and services that the CSS needed to deliver enhanced commissioning in London. By virtue, it also aimed to define the scope of the organisation. Upon the collation of the results, the following functions were concluded within and outside the scope of the CSS:

Functions within scope		Functions outside scope	
Data Management & Validation	✓	Procurement	✗
Data Modelling	✓	Provider Contract Management	✗
Data Analytics	✓	Advisory/Regulatory	✗
Reporting Capability	✓	Project Management	✗

**Table 2: High Level CSS Scope**

The CSS will initially provide services in the following areas:

- Data Management and Standard Reporting
- Analytics and Modelling
- Local support to Lead Commissioners and PCT management.

### Proposed CSS Organisation

Following the CSS consultation process, specifically the Organisation workshop, a number of structural options were considered. It was agreed that the title of the head of the CSS would be a Chief Operating Officer instead of Chief Executive. This was to reinforce the commitment that the new CSS will be a lean organisation focussed not on self-development and empire-building but on supporting PCTs at a day-to-day operational level.

The consultation process found consensus amongst stakeholders with the proposed internal structure below. Further information is in Section 5 of the business case.

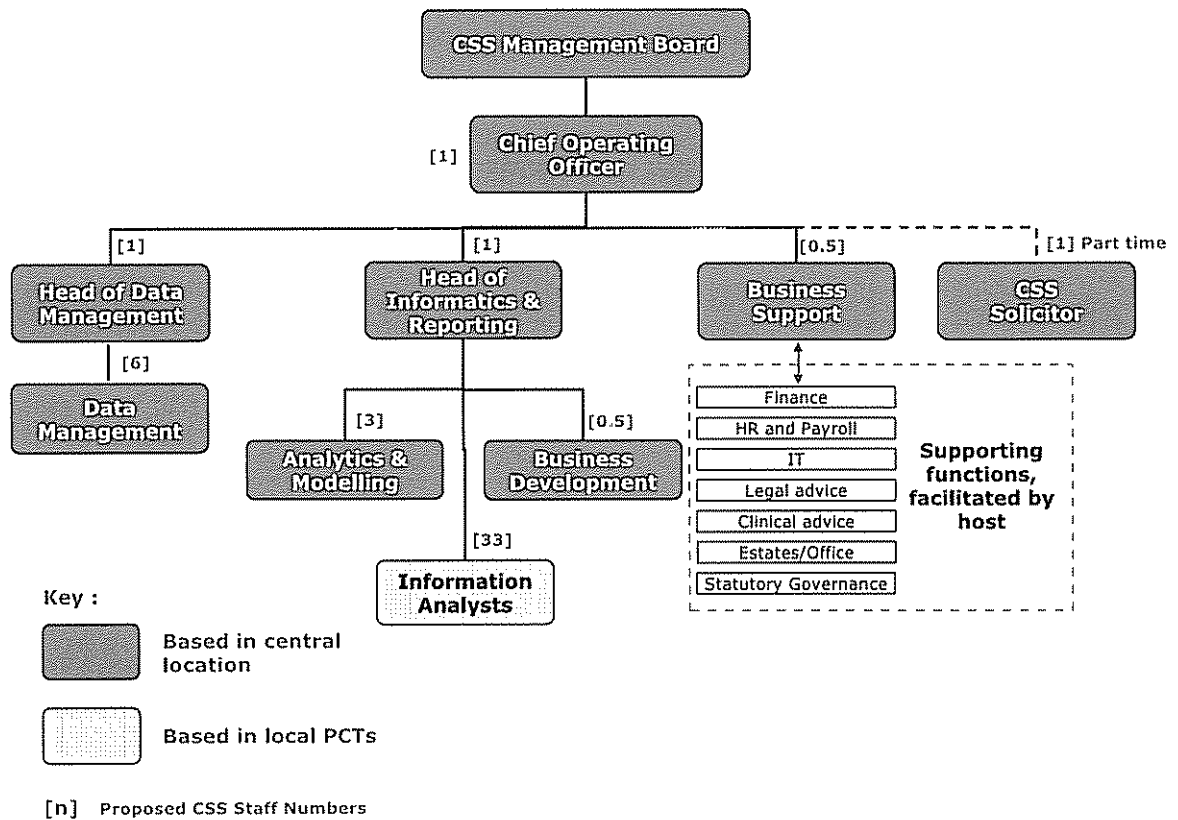


Figure 2: CSS Proposed Organisation Structure

## Deliverability

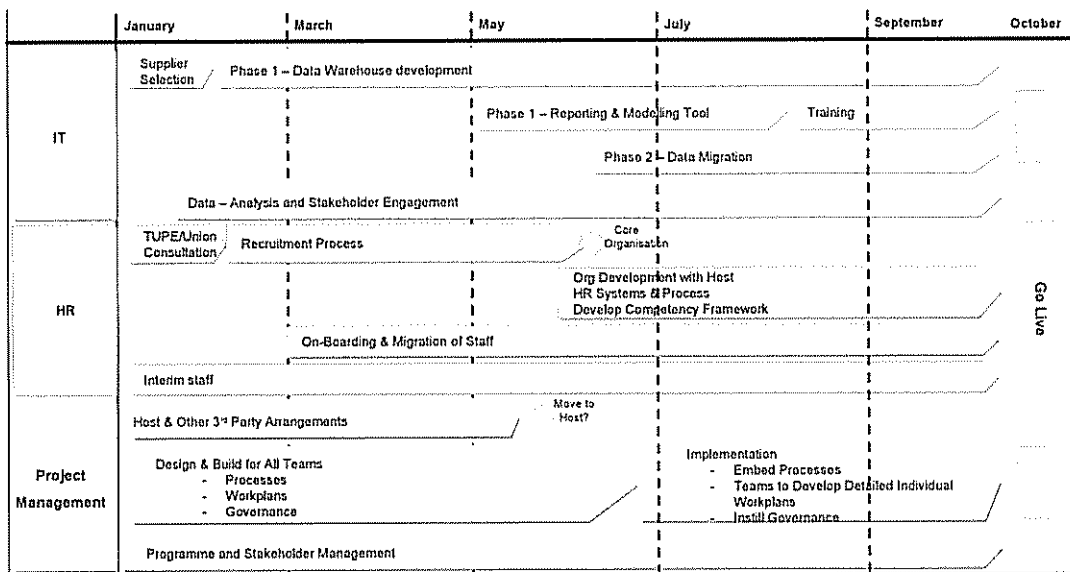


Figure 3: Mobilisation Gantt Chart

### Mobilisation and Go live

It is unlikely that any organisation or organisations would be in a position to respond immediately to the challenge of building up a world class commissioning support service for the whole of London. Therefore, the preferred business delivery model is to take a staged approach to implementation.

In advance of the sign off of the business case in January, the CSS will informally mobilise in December with a number of workstreams. This will ensure there are no interim periods of inactivity and that stakeholder buy-in is maintained. In the initial few weeks, the CSS project team will further develop the stakeholder engagement and communication plan, including gathering more detailed user requirements. They will also begin the HR process. In the first few months, core tasks include appointing the Chief Operating Officer and core team, selecting the host, selecting the data warehousing and reporting solutions. In the months after, the data management and reporting infrastructure will be developed and the CSS will be providing core services from the 1st October 2007 onwards. CSS services and products will be made available to the stakeholder members as they come "on-line" during mobilisation between April and October 2007. The delivery of these services will be subject to testing and some may rely on a staggered implementation, such as the IT systems and associated training (refer to Section 8 for details).

The timescales set out above are challenging and therefore the recommendation of the project team is that a number of critical path activities are started in January and delivered in parallel with the approval of this business case. Key critical path activities to be undertaken during the approval period includes the addressing of HR issues, undertaking communications with key stakeholders and developing the detail specifications for the data warehouse and reporting tools.

By far the most important pre-requisite for the mobilisation of the CSS is to have a team of NHS resources available to start to design, build and delivery of the CSS organisation based on the foundations outlined in the business case. External

support will need to be investigated if the resources are not available internally and the timescales set out above are to be met. Further information can be found in Appendix C(i).

### Stakeholder engagement

The CSS will only be successful if stakeholders perceive that it is adding value and delivering against its overall objectives. A consultative and inclusive process is planned. Stakeholder buy-in will be achieved through an effective stakeholder management process, delivered through structured and targeted communications and supported by a well-developed communications and marketing strategy and plan. See Appendix C(iii).

### Governance

The CSS will not be a statutory organisation but will be an agency hosted by a statutory NHS organisation on behalf of the remaining London PCTs. The activities of the CSS will be governed by a Board of PCT representatives working within a set of Articles of Agreement and funded by PCTs through SLAs. Through the consultative process it was agreed that the Board will be made up of:

- Team of 10 individuals including representation from:
  - the host
  - each of the 5 Collaborative Commissioning Groups (CCGs)
  - Practice based commissioning
- Additional attendees may be co-opted as and when required

The details of the proposed Board representation can be found in Section 5 of the business case.

### What will the cost of the CSS be and how will it be funded?

The cost of the CSS to its stakeholders has been developed based on data received from PCTs during the earlier phases of the CSS project and estimates using assumptions derived from both this data and from past experience with similar organisations.

The business case identifies three levels of cost scenario (high, medium, low). The differences between the scenarios primarily relate to the IT solution that is selected and this is currently under consideration. The annual running costs and the level of charge per head of registered population for each PCT at a 2007/08 price base are as follows:

Annual costs (2007/8 prices)	High	Medium	Low
2006/7	£ 102.840	£ 91,001	£ 79.162
2007/8	£ 3.464,614	£ 3.052.375	£ 2,635,136
2008/9	£ 3.806.134	£ 3,362.936	£ 2.807.239

**Table 3: CSS Cost Scenarios**

The proposed costs per head of population during 2007/8 is £0.39 (07/08 prices). The project team are recommending this is acceptable given the early indications around the preferred IT option and likely salaries. The CSS and the Board will manage the 07/08 cost of the CSS to within the £3.05m cost envelope this medium scenario provides. Going forward the budget for the CSS will be reviewed annually by the Board established by the PCT members.

### Mobilisation costs

We have analysed the additional one-off cost (over and above the £0.38 cost per head of population) that is required to set up the proposed CSS service. A summary of these set-up costs is shown in the table below.

Details of mobilisation costs	2006/7	2007/8
<b>CSS mobilisation costs</b>		
- Legal costs	£ 10,000	£ -
- Business and personal development costs	£ -	£ 130,000
- CSS communications	£ -	£ 30,000
- CSS office accommodation set-up costs	£ 30,000	£ -
- New business technology to support CSS staff	£ 35,000	£ 40,000
- Recruitment fees	£ 60,000	£ -
- External consulting support/Interim staffing		£ 200,000
<b>Data Warehouse and Reporting tool implementation</b>		
- External support in development and selection of solution	£ 200,000	£ -
- Hardware/Software setup costs	£ -	£ 690,000
<b>Contingency funds (@3%)</b>	£ 10,050	£ 28,800
<b>Annual Mobilisation costs</b>	£ 345,050	£ 1,118,800
<b>Total Mobilisation costs</b>		£ 1,463,850

**Table 4: Details of Mobilisation Costs**

PCTs will need to cover the mobilisation costs (including capital expenditure), unless funds are made available by the SHA to support the pace of mobilisation desired. These mobilisation costs equate to £0.06 per head of population during 2006/7 and £0.14 per head of population during 2007/8. The assumptions made in the recruitment and staffing profile for this fiscal year were designed to indicate a worst case scenario, but this element of the mobilisation will be closely monitored by the CSS Implementation Group and project team.

### Indicative PCT costs

It is proposed the CSS organisation be funded based on the Unified Weighted Population per PCT. In the following table we have calculated the indicative mobilisation costs and subscription charges for 2006/7 and 2007/8 for each PCT using this method of allocation.

PCT	UWP	2006/7 Operating costs/PCT	2007/8 Operating costs/PCT	Mobilisation costs
Barking and Dagenham	195,342	£ 2,224	£ 74,583	£ 35,768
Barnet	308,993	£ 3,517	£ 117,976	£ 56,579
Bexley	201,346	£ 2,292	£ 76,876	£ 36,868
Brent Teaching	304,233	£ 3,463	£ 116,159	£ 55,707
Bromley	281,015	£ 3,199	£ 107,294	£ 51,456
Camden	269,927	£ 3,073	£ 103,061	£ 49,426
City and Hackney Teaching	303,938	£ 3,460	£ 116,046	£ 55,653
Croydon	323,659	£ 3,684	£ 123,576	£ 59,264
Ealing	325,345	£ 3,703	£ 124,220	£ 59,573
Enfield	275,734	£ 3,139	£ 105,278	£ 50,489
Greenwich Teaching	262,084	£ 2,983	£ 100,066	£ 47,989
Hammersmith and Fulham	194,528	£ 2,214	£ 74,273	£ 35,620
Haringey Teaching	269,298	£ 3,065	£ 102,820	£ 49,310
Harrow	185,495	£ 2,111	£ 70,824	£ 33,966
Havering	236,880	£ 2,696	£ 90,443	£ 43,375
Hillingdon	231,677	£ 2,637	£ 88,457	£ 42,422
Hounslow	222,565	£ 2,533	£ 84,978	£ 40,753
Islington	241,244	£ 2,746	£ 92,109	£ 44,173
Kensington and Chelsea	200,321	£ 2,280	£ 76,485	£ 36,680
Kingston	144,040	£ 1,640	£ 54,996	£ 26,375
Lambeth	324,577	£ 3,695	£ 123,927	£ 59,432
Lewisham	277,451	£ 3,158	£ 105,933	£ 50,803
Newham	333,402	£ 3,795	£ 127,296	£ 61,048
Redbridge	223,188	£ 2,541	£ 85,215	£ 40,867
Richmond and Twickenham	154,096	£ 1,754	£ 58,835	£ 28,216
Southwark	303,888	£ 3,459	£ 116,028	£ 55,644
Sutton and Merton	341,680	£ 3,889	£ 130,457	£ 62,564
Tower Hamlets	289,783	£ 3,299	£ 110,642	£ 53,061
Waltham Forest	246,691	£ 2,808	£ 94,189	£ 45,171
Wandsworth	270,803	£ 3,083	£ 103,395	£ 49,586
Westminster	251,269	£ 2,860	£ 95,937	£ 46,009
<b>TOTAL</b>	<b>7,994,491</b>	<b>£ 91,001</b>	<b>£ 3,052,375</b>	<b>£ 1,463,860</b>

Table 5: Indicative subscription fees and mobilisation costs per PCT

### Value for Money

The data that the project team have collected indicates a current average cost of £0.87 per head of population cost to undertake the current commissioning support activities across London. Most PCTs recognised that this figure would have to increase in order to implement fully a Commissioning Framework that meets the goals of "Fitness 4 Purpose" and Practice Based Commissioning. Evidence from the recent University of York report on the impact of PbR on PCT costs identified that commissioning costs increase by £90,000 to £190,000 per PCT when managing PbR contracts in a Foundation Trust environment. The data collected by the team would suggest that not all London PCTs have invested the sums necessary to manage PbR

and that future commissioning expectations will require all PCTs to invest further. Therefore the investment required for each PCTs to achieve acceptable levels of commissioning individually would increase the average cost of commissioning support per head to £1.05 across London.

This business case does not dictate to PCTs what they should spend on commissioning support outside the services provided by the CSS, but our estimate is that acute support services could be provided for an average cost of £0.88 per head (using the medium CSS scenario with no internal recruitment), some 19% lower than the comparable £1.05 figure given above.

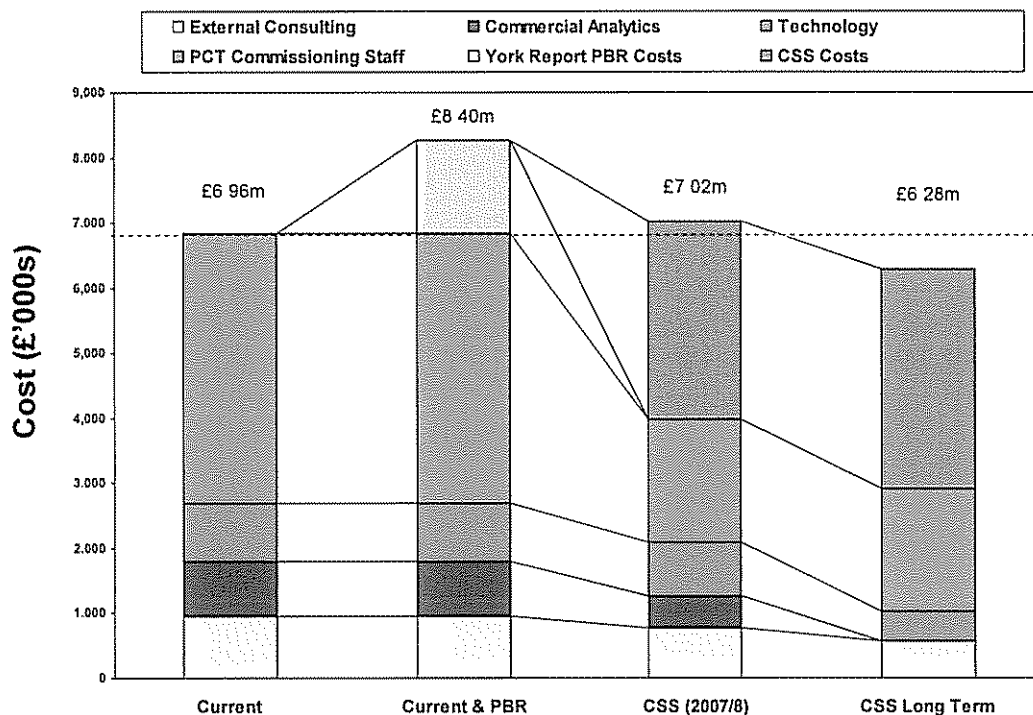


Figure 4: Projected Cost Implications

It must be noted that the implication of implementing the CSS will be the release of approximately 57 WTEs (with an annual salary and benefits cost of £2.4m) across the London PCTs that could result in the PCTs incurring redundancy costs should the PCT management decide not to refocus the activities of these staff in providing commissioning support in community and primary care.

Analysis of the findings of other organisations undertaking CSS type activities would indicate over £100M in annual savings should be feasible through the activities of the CSS across London. Whilst PCTs could collaborate to identify these savings without a CSS, doing so is time-consuming and the results diminished by the lack of consistent data definition and quality. The CSS analyst in each PCT proposed in this business case provides a strong mechanism to ensure the delivery of the savings identified during these activities.

### **Challenges and next steps**

A number of challenges and critical path activities have been identified that may prevent the CSS being mobilised as quickly as desired. These include:

- Selection of an appropriate Host
- Mobilising the governance and appointment of the CSS Chief Operating Officer and Board
- Integrating the recruitment of CSS staff into the on-going CaPLNHS process (where possible)
- Selecting the technology solution quickly, to enable CSS products and services to be made available to PCTs as quickly as possible

### **Host Selection**

A robust yet swift process to select the CSS Host organisation has to be developed in conjunction with the Project Board. This process will see a short list of potential Host candidates being agreed and asked to express an interest in becoming the host during January 2006. It is expected these PCTs will confirm their desire to be the Host at their December/January Board meetings. The Host organisation will then be selected by Commissioning Steering Group members, selected from the remaining community of PCTs, against the agreed criteria during December 2006.

### **Governance and selection of Board members**

It is proposed the mobilisation of the CSS organisation is handed over to the CSS Board as quickly as possible. The project team have therefore recommended the PCTs within London nominate a range of staff for the Board by the middle of January 2007, enabling the Board to be selected and agreed once the Host organisation has been selected. The selection of individuals will be based on getting the right geographical and skill/experience mix and this process will be undertaken by an agreed sub-committee of CSS Implementation Group members. Further information can be found in Section 5.

### **HR Summary**

Staff-related costs constitute a crucial cost element of the mobilisation and implementation costs of the CSS. It is, therefore, critical that due care and attention is paid to the HR strategy for the CSS and the resource plan is clearly developed and agreed by the CSSIG.

### **Technology Selection**

A technology and data working group will need to take responsibility for key decisions in the development of the technology to support the CSS. A process of detailing the system and user requirements will need to take place in order to better understand the products required. This will be developed into a list of key prioritised criteria for the new system. A vendor selection process will determine the preferred data management and reporting/analytics solution. The focus will be on analysing existing investments and solutions in conjunction with appropriate external options.

## Structure of Business Case

The business case structure reflects the following focus areas:

Focus Area	Description
Current situation and range of options	The current situation and the range of options considered leading to the scope agreement for the CSS.
CSS Scope, Vision & Culture	The approach, values and objectives of the CSS.
Proposed Product Service Specification	Definition of the agreed core and enhanced services to be provided by the CSS building on the outline product and service specification issued September 2006
Organisation & Governance	Exploration of the formal governance arrangements, team organisation and commercial model for how the CSS would be run. Performance management and hosting arrangements are also detailed.
Technology Options	High level view of the management of data and information to support commissioning. This area will be crucial for the success of the CSS.
Initial Financial Investment & Funding Mechanisms	Forecasts and analyses of CSS staff, IT and other costs.
Mobilisation & Implementation plans	The high-level mobilisation steps of the project including HR, leading to a fully operational CSS
Risk Management	Effective identification and management of risks and issues will be an important responsibility for the CSS Chief Operating Officer (COO).
Assumptions	Assumptions made in developing the CSS business case

**Table 6: Structure of the business case**

### In Summary

This business case documents the activities and benefits of the CSS organisation to the London health economy and is structured to help inform your decision making. The CSSIG believes the case for implementing this collaborative organisation is compelling and that you will recommend its approval to your PCT Board.