1 PURPOSE
The Commissioning Procedure has been developed to support Northern Territory PHN (NT PHN) achieve its vision that people in the Northern Territory enjoy their best health and wellbeing, and purpose in building local partnerships and directing resources towards an integrated, high quality primary health care system in accordance to need. It also supports NT PHN’s strategic goals and Constitutional objectives in its responsibilities as place-based commissioners of comprehensive primary health care services.

NT PHN’s commissioning approach is consistent with the Australian Government Department of Health’s commissioning framework for PHNs. This includes the move for PHNs to an outcomes-based commissioning model.

2 RESPONSIBILITIES

<table>
<thead>
<tr>
<th>Stakeholder Name</th>
<th>Stakeholder Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>The Board is responsible for:</td>
</tr>
<tr>
<td></td>
<td>• approval of NT PHN’s Commissioning Policy and Commissioning Procedure</td>
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<tr>
<td></td>
<td>• oversight of commissioning outcomes</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>The Chief Executive Officer is responsible for:</td>
</tr>
<tr>
<td></td>
<td>• approval of resources to support commissioning activities</td>
</tr>
<tr>
<td></td>
<td>• approval and maintaining of all commissioning delegations,</td>
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<tr>
<td></td>
<td>and ensuring they are available for all employees to access</td>
</tr>
<tr>
<td></td>
<td>• ensuring NT PHN’s employees exercise their responsibilities in</td>
</tr>
<tr>
<td></td>
<td>accordance with NT PHN’s policies and procedures</td>
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<tr>
<td>Senior Executive Leadership Team</td>
<td>As a collective, the SELT is responsible for:</td>
</tr>
<tr>
<td></td>
<td>• governance of NT PHN’s commissioning process</td>
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<tr>
<td></td>
<td>• oversight of internal commissioning groups which guide:</td>
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<tr>
<td></td>
<td>o Planning – Needs Assessment, population health planning</td>
</tr>
<tr>
<td></td>
<td>o Procurement – Annual Planning of Commissioned activities, designing and</td>
</tr>
<tr>
<td></td>
<td>contracting services and shaping the structure of supply</td>
</tr>
<tr>
<td></td>
<td>o Performance Management/Evaluation – Managing</td>
</tr>
</tbody>
</table>
3 Scope and Timing

This procedure applies to all commissioning activities undertaken by NT PHN, including unsolicited proposals received by the organisation. This procedure does not apply to:

- research and sponsorship arrangements entered into by NT PHN
- other procurement undertaken by NT PHN under the Purchasing and Procurement Policy.

4 Implementation Process

This procedure applies to the three key phases of the commissioning cycle:

- Strategic planning;
- Procuring services; and
- Monitoring and evaluation

4.1 Strategic Planning

By undertaking strategic planning, NT PHN is able to achieve a thorough understanding of the NT’s population and its needs, in order to detail appropriate options and priorities which are linked to need, and the current health service system. Strategic planning covers the following key stages:

- Understanding the population to assess health needs through quantitative data analysis and quantitative engagement with stakeholders
- Assessing gaps, over-supply or inadequate service delivery
- Planning based on robust data analysis
- Preparing required planning documents (ie. Department of Health Activity Work Plans)

NT PHN adopts the following Australian Government Department of Health resources in relation to conducting needs assessment and annual planning activities:

- PHN Needs Assessment Guide
- PHN Planning in a Commissioning Environment – a Guide
- PHN Planning in a Commissioning Environment – Resources

Additionally, these activities are undertaken in accordance with NT PHN’s policies, procedures and guidelines. NT PHN may use the expertise of the Comprehensive Primary Health Care Advisory Group or other specialised advisory groups when undertaking needs assessments.
PROCEDURE

To ensure appropriate accountability mechanisms are in place, NT PHN adopts the following governance arrangements:

- Develop a Project Plan outlining:
  - Decision points/approaches
  - Stakeholder engagement and communication plan
  - Data collection and management plan
  - Approach to managing conflicts of interest
  - Approach to managing risk – including change management plan and/or decommissioning plan

4.2 Procuring Services

Through development of a planned approach to procurement activities, NT PHN is able to achieve appropriate procurement and contracting approaches, to ensure contracted services align with identified need, procurement decisions are made transparently, and that value for money is achieved. Procuring services involves the following key stages:

- Designing coordinated and integrated service delivery models
- Procuring (purchasing) desired services
- Building service system awareness within NT PHN
- Contributing to building the service system

NT PHN adopts the following Australian Government Department of Health resource in relation to designing and contracting services and shaping the structure of supply:

- PHN Designing and Contracting Services Guidance

Additionally, these activities are undertaken in accordance with NT PHN’s policies, procedures and guidelines including the Financial Management Delegation Policy. To ensure appropriate accountability mechanisms are in place when procuring and contracting services, NT PHN adopts the following governance arrangements:

- Develop a Procurement Plan outlining:
  - Decision points/approaches – including:
    - Rationale for selecting the procurement approach
    - Processes used to inform procurement decisions
    - Make-up of the procurement evaluation panel
    - Consideration of factors to support competitive neutrality, including pre-qualification conditions
  - Stakeholder engagement and communication plan, including avenues for advertising procurement activities, stakeholder briefings etc.
  - Approach to managing conflicts of interest
  - Approach to managing the intellectual property of other organisations where they may be involved in a co-design planning process
  - Approach to managing risk – including change management plan and/or decommissioning plan
  - Debrief process for unsuccessful proponents

To ensure appropriate scrutiny of procurement decisions, NT PHN uses external independent expertise on procurement evaluation panels. Additionally, procurement processes may be subject to internal audit. The
PROCEDURE

procurement approach will be determined by the Executive Manager in consultation with relevant Managers, and will be aligned to NT PHN’s commissioning principles, as detailed within the Commissioning Policy. The flow charts at Appendix A outlines how the procurement approach may be selected which includes specific processes where NT PHN is undertaking procurement for Aboriginal-specific health programs and services.

4.2.1 NT PHN’s Procurement Approaches

The procurement approaches detailed below have been informed by the Australian Government Department of Health’s commissioning guidance and NT PHN’s commissioning principles, as detailed within the Commissioning Policy. The procurement approaches NT PHN will use are:

Re-Contracting

- This may include an extension/renewal of existing contractual agreements, or a variation of contractual agreements with existing service providers.
- Variation of contractual agreements involves the re-contracting of service providers under changes in contract terms and conditions. It is used where a provider is performing appropriately, but where a change in contract is necessary to ensure the service continues.

Direct

- This is used where the strategic planning process identifies that a most capable provider exists. This may be a health service provider already contracted by NT PHN, or another provider identified through an expression of interest, market analysis of service providers or through collaborative, needs based planning (such as through the NTAHF or Comprehensive Primary Health Care Advisory Group).
- Direct procurement supports ACCHS that may not have the capacity to otherwise engage in a competitive procurement process. It may also be suitable where a bidder consortium-based approach is the preferred solution – encouraging would-be providers to collaborate rather than compete.
- Direct procurement is:
  - typically based on technical expertise, cultural competence or the geographical location of provider
  - appropriate where NT PHN is seeking to contract services of a complex nature
  - suitable for less well-developed markets where there are fewer providers
  - well-suited to outcomes based commissioning, and will be less well-defined in terms of timing and process
  - suitable where NT PHN is utilising innovation funding to test a service model and its potential impact on the health system through small service design and development.
- Once a need is clearly identified, along with a preferred provider, a dialogue can occur to support the direct contracting process.
- The direct procurement approach can include gateways that check progress on key issues, while still ensuring NT PHN reserves the right to use a competitive procurement approach if progress is unsatisfactory.

Select

- This procurement approach is substantially similar to the direct procurement approach, however instead of a single provider being engaged during the process, several potential providers (ie. two –
five) who have been identified as suitable or able to deliver the service are approached, and invited to submit an expression of interest to meet an identified need.

- Following the approach to potential providers, NT PHN can have detailed discussions (based on a competitive dialogue model) with interested providers, prior to undertaking further procurement processes.

- Competitive dialogue allows NT PHN to work with providers on (for example) the development of a service model prior to procurement, enabling NT PHN to invite technical expertise into service design conversations in a collaborative but structured way.

- Competitive dialogue may also help NT PHN to invite expertise across providers in order to generate innovative solutions.

- When using a competitive dialogue approach during procurement activities, NT PHN must be mindful of, and deal appropriately with, any Intellectual Property of health service providers or other stakeholders.

**Competitive**

- This procurement approach will be used in accordance with NT PHN’s Commissioning Principles, and allows NT PHN to test the market capacity to deliver a service model across the NT without providing a limit to where the provider originates from, or what markets they currently operate within.

- It removes all the access barriers that may limit providers from engaging in tenders at a local level where they are based on geography or cultural competence.

- Any provider may respond to a competitive procurement approach, provided they meet technical requirements of the procurement.

- Competitive procurement may be used in a staged approach, such as through an initial EOI, followed by a more detailed tender.

**De-commissioning**

- De-commissioning is the the ceasing of funding to a provider that is subsequently re-commissioned in a different format (whether to the same health service provider or to a different health service provider). Decisions to de-commission are made in accordance with NT PHN’s Commissioning Principles, and in accordance with the process set out in the Decommissioning and Disinvestment Policy.

- Generally, decommissioning will be used where:
  - Services or activities no longer meet the objectives of the PHN program
  - Greater need can be met elsewhere within the same funding
  - A provider is unable to deliver service in line with performance or clinical outcome expectations
  - Services or activities are no longer required, either due to lack of demand or duplication in service delivery by one or more parties (including where other services are funded from other sources)
  - Where a new service model replaces an existing service model.

4.3 Monitoring and Evaluation

Monitoring and evaluation of contracted services ensures NT PHN can develop professional relationships with health service providers, to ensure the effective delivery of services and activities which achieve the desired
PROCEDURE

health outcomes. The evaluation of services provides a better understanding of the determinants and variables in delivery, to inform wider PHN performance and evaluation. It involves the following key stages:

- Service delivery effectiveness monitoring
- Provider performance monitoring
- Broad service delivery and NT PHN performance evaluation

NT PHN adopts the following Australian Government Department of Health resource in relation to managing performance and evaluation:

- Guide to Managing Contracts with Commissioned Organisations
- Australian Government Department of Health PHN Performance Framework

Additionally, these activities will be undertaken in accordance with NT PHN’s policies, procedures and guidelines.

To ensure appropriate accountability mechanisms are in place when monitoring and evaluating services, NT PHN will adopt the following governance arrangements:

- Develop a Contract Management and Evaluation Plan outlining:
  - Decision points/approaches
  - Stakeholder engagement and communication plan
  - Approach to managing conflicts of interest
  - Approach to managing provider performance
  - Approach to managing risk – including change management plan
  - Evaluation methodology

Depending on the nature of the evaluation, this may be undertaken by NT PHN staff, or contracted to an external party.

5 FURTHER INFORMATION

| Definitions | Commissioning\(^1\) - commissioning is a strategic approach to purchasing that seeks to ensure that services meet the health needs of the population and contribute towards service and system improvement and innovation. Commissioning includes three types of procurement processes, known as direct, select and competitive tendering. Commissioning is a continuous process that requires NT PHN to be responsible for:
- Strategic planning – assessing the needs of the community and available health services, and determining priorities based on service analysis and professional and community input
- Service procurement – purchasing health services in line with the outcomes of strategic planning, the PHN programme objectives and the identified local and national priorities of the PHN
- Monitoring and review – assessing the efficiency and effectiveness (including value for money) of health services, and implementing strategies to address gaps and underperformance |

\(^{1}\) PHN Funding Schedule: Primary Health Networks Core Funding
PROCEDURE

Value for Money\(^2\) - requires:

- Encouraging needs based, collaborative and non-discriminatory procurement/purchasing processes
- Using resources provided by the Commonwealth in an efficient, effective, economical and ethical manner in line with PHN programme objectives
- Where possible leveraging, but not duplicating, efforts of other private or public sector entities
- Making decisions in an accountable and transparent manner
- Considering and appropriately managing risk
- Managing conflicts of interest; and
- Conducting a process that is commensurate with the scale and scope of the procurement

Price is not the sole determining factor in assessing Value for Money. A comparative analysis of relevant financial and non-financial costs and benefits of alternative solutions throughout the procurement will inform a Value for Money assessment. Factors to consider include, but are not limited to:

- Fitness for purpose
- A potential supplier’s experience and performance history
- Flexibility, including innovation and adaptability; and whole of life costs
- Social, environmental, cultural and economic value including local and culturally appropriate service provision to deliver best health outcomes for communities.

Aboriginal Community Controlled Health Service (ACCHS)\(^3\) - means

- an incorporated Aboriginal organisation;
- initiated by a local Aboriginal community;
- based in a local Aboriginal community in the Northern Territory;
- governed by an Aboriginal body that is elected by the local Aboriginal community;
- which delivers a holistic and culturally appropriate primary health care service to the community that controls it; and
- which supports the following objects:
  - promotion of the health and wellbeing of Aboriginal people of the Northern Territory. Through strong advocacy, support the delivery of culturally appropriate health services for Aboriginal people and their communities
  - advocate and promote culturally safe research into causes and remedies of illness and ailments found within the Aboriginal population of the NT
  - Continue to advocate for, and support, Aboriginal self-determination and to establish and grow the Aboriginal community controlled health sector in the NT

\(^2\) Definition adapted from the PHN Funding Schedule: Primary Health Networks Core Funding

\(^3\) National Aboriginal Community Controlled Health Organisation Constitution, Clause 1.3
### PROCEDURE

<table>
<thead>
<tr>
<th>Related Legislation, Regulations, Policies and Organisational Documents</th>
<th>O Alleviate the sickness, destitution, suffering and disadvantage, and to promote the health and wellbeing of Aboriginal people of the NT.</th>
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</thead>
<tbody>
<tr>
<td><strong>Australian Government Department of Health Material:</strong></td>
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<td></td>
<td>o PHN Needs Assessment Guide</td>
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<td>o PHN Performance Framework</td>
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<td>o Primary Health Network and Aboriginal Community Controlled Health Organisation’s Guiding Principles</td>
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<td>• National Aboriginal and Torres Strait Islander Health Plan 2013-2023</td>
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<td>• Aboriginal Peak Organisations for the Northern Territory resources:</td>
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<td></td>
<td>o Partnership Principles for NGOs working with Aboriginal organisations and communities in the NT</td>
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<td>o Core Values to Trauma Informed Care</td>
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<td>• Northern Territory Government Pathways to Community Control</td>
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<td>• Northern Territory PHN Resources:</td>
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### References

**Authority:** _____________________________

**Date:** _________________________________

### 6 VERSION HISTORY

<table>
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<tr>
<th>Version</th>
<th>Author</th>
<th>Approved By</th>
<th>Effective Date</th>
<th>Sections Modified</th>
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<tr>
<td>1.00</td>
<td>Victoria Hirst</td>
<td>Dr Andrew Bell, Board Chair</td>
<td>29 May 2017</td>
<td>Creation of new document</td>
</tr>
</tbody>
</table>
Aboriginal-specific health programs and services

Is there an existing ACCHS provider who can deliver the required service?

Yes

Recontract  Vary Contract  Direct Procurement

No

Is the NT Government a provider of a suitable Comprehensive Primary Health Care service?

Yes

Direct Procurement

No

Competitive Procurement
Other Program Funding

1. Are there existing service providers delivering these requirements?
   - Yes: Consider re-contracting
   - No: Proceed to step 2

2. Should the activity be contracted by the PHN alone?
   - Yes: PHN based commissioning
   - No: Proceed to step 3

3. Will the PHN be commissioning services that are readily defined, with limited scope for innovation?
   - Yes: Use Direct, Select or Competitive procurement approach with traditional specifications
   - No: Proceed to step 4

4. Would discussions with potential service providers deliver a better result?
   - Yes: Consider using competitive dialogue to help inform specifications
   - No: Proceed to step 5

5. Is there more than one provider able to deliver these requirements?
   - Yes: Test the market by inviting EOI from multiple potential providers using the Select or Competitive procurement approach
   - No: Proceed with the Direct procurement approach

Explore other procurement approaches:
- Direct
- Select
- Competitive