**Implementing new care models and STP ambitions is likely to mean updating or remodeling contracting arrangements. As part of the commissioning process commissioners and providers need to consider which contracting model will best allow them to drive service transformation and integration. This will be one of the questions that will need to be answered as partners develop their strategy for services and care pathways under a new care model.**

**Contracting as a solution to the problem of organisational form**

There is no ‘right answer’ to the question of which organisational form best suits a particular model of care; the much-quoted ‘form follows function’ applies. However, so far the most popular option in developing new care models has proved to be the contracting model. Alternatives are corporate joint ventures and mergers and acquisitions but contracting is the best understood and can be (but is not always) the least complex option to implement.

**The contracting models available are:**

* Prime contractor model – in which a single organisation or consortium of providers (also known as the integrator) takes responsibility for coordinating and managing an integrated services
* Prime provider model – in which the integrator coordinates and manages the integrated service but also provides services itself
* Alliance contracting model – in which multiple organisations, both commissioners and providers, agree to work collaboratively to deliver integrated services, typically involving collective accountability, aligned objectives and incentives and sharing of risk and reward (resources which describe alliance contracting in more detail can be found [here](https://www.england.nhs.uk/ourwork/new-care-models/vanguards/care-models/community-sites/) and [here](https://www.acevo.org.uk/sites/default/files/ACEVO%20alliance%20contracting%20report%202015%20web.pdf).

**Forms of contract**

Once partners agree that a contracting model will be adopted they need to consider which contract(s) will be entered into.  
One of the complexities of service integration is the different contracting regimes that have historically applied to different services, including primary care (GMS, PMS and APMS), dental services (GDS and PDS) and acute, community, ambulance and mental health services (NHS Standard Contract and Sub-Contract). Since publication of the NHS Five Year Forward View, NHS England has helpfully produced a number of template documents and suggested contracting solutions to address this problem including the MCP contract, a template Alliance Agreement and Integration Agreement. A PACS contract is also due to be published. [These resources are available here](https://www.england.nhs.uk/).

**Template Memorandum of Understanding – free of charge**

A new care model is likely to require a network of contracting arrangements involving multiple different contracts. The contracting arrangements need to be agreed at the outset in response to commissioning intentions. As a starting point, it is always worth putting down on paper principles which have been agreed with partners, whether through Heads of Terms, a Memorandum of Understanding or some form of contract. [Please let us know if you would like a copy of our template Memorandum of Understanding.](mailto:%20enquiries@hempsons.co.uk)

As part of the commissioning process commissioners and providers need to consider which contracting model will best allow them to drive service transformation and integration. This will be one of the questions that will need to be answered as commissioners develop their strategy for commissioning particular services / care pathways under a new care model.

One of the complexities of service integration is the different contracting regimes that apply to different services, including primary care (GMS, PMS and APMS), dental services (GDS and PDS) and acute, community, ambulance and mental health services (NHS Standard Contract). Commissioners and providers need to work out how providers can deliver integrated services whilst remaining compliant with these regimes.

A helpful development is the inclusion of a primary care schedule in the NHS Standard Contract, effectively making that contract a compliant APMS contract. In other cases, the solution will lie in overarching framework agreements that serve to link multiple contracts.

**Another consideration for commissioners and providers is to work out whether there are benefits to working under innovative contracting models, in particular:**

* Prime contractor model in which a single organisation or consortium of providers (also known as the integrator) takes responsibility for coordinating and managing an integrated services
* Prime provider model in which the integrator coordinates and manages the integrated service but also provides services itself
* Alliance contracting model in which multiple organisations, both commissioners and providers, agree to work collaboratively to deliver integrated services, typically involving collective accountability, aligned objectives and incentives and sharing of risk and reward

These models can be set up through a network of contracting arrangements and / or corporate joint ventures. In some cases an overarching framework agreement may need to be entered into by the partners involved in the model to supplement the service contracts awarded between them.

The key is to ensure that the contracting model is developed in response to the CCG’s commissioning intentions and not the other way round. Even so, it is always worth putting down on paper principles which have been agreed with partners, whether through Heads of Terms, a Memorandum of Understanding or some form of contract. [Please let us know if you would like a copy of our template Memorandum of Understanding](mailto:%20enquiries@hempsons.co.uk).