

Alliance contracting for integrated care



What is alliance contracting?

An alliance contract is a contractual arrangement between commissioners and providers who agree to collaborate around a common aspiration for joint working across a system. Alliance contracts include shared objectives and principles, risk/ reward sharing mechanisms and governance structures to facilitate decision-making about service delivery. Alliance contracts in the NHS do not seek to replace or in any way override existing services contracts between commissioners and providers – instead they supplement and overlay those contracts.

Alliance agreements can be little more than an extended memorandum of understanding, designed to set out a non-binding commitment to work together for an interim period. Or they can be set up as long-term arrangements with detailed governance and risk/reward sharing arrangements built into them.

Alliance contracting: a history

Alliance contracting is relatively new to the NHS. It has its origins in the heavy engineering and oil industries of the 1990s where it was developed as a response to a range of problems with traditionally contracted service delivery, such as escalating costs, completion delays and litigation. The model has been adapted for use in the NHS but it seeks the same outcome – a collaborative approach to delivering integrated services in a complex environment.

What are the benefits of alliance contracting?

Alliance contracting is seen as a useful mechanism to build relationships between partners and facilitate collaborative working that may, in time, allow the providers to hold an integrated care contract.

An alliance arrangement that does not make changes to current services contracts will not need to be procured or reviewed under the Integrated Support and Assurance Process (ISAP), allowing funds that would be spent on such processes to be invested in short-term 'wins' and the development of the long-term solution.

Using an alliance arrangement as a stepping stone to integrated care will allow commissioners and providers to develop and test arrangements for the long-term solution. For example, this may include development and testing of the risk / reward share mechanisms to be included in a future integrated care contract.

Key features of alliance contracting

Key features of alliance contracting compared to traditional contracting are:

- Commissioners and providers working closely together rather than commissioners operating at arm's length to providers
- A coordinated approach to service delivery by providers rather than each provider delivering its services in isolation
- Adopting a 'best for service' approach to delivery across multiple services rather than an approach based on what is best for each individual organisation
- Risk sharing between parties rather than an approach which seeks to transfer risk from one or more parties to other parties
- A commitment to resolving disputes within the alliance rather than by parties taking action against each other
- Open book accounting and transparency rather than closed book accounting.



What should be included?

Key terms to be included in the alliance arrangement may include:

- Status of the agreement e.g. whether it is legally binding.
- Duration
- Membership rights and obligations
- Objectives and principles
- Governance arrangements
- Terms for admitting new members
- Reserved matters that fall outside the alliance agreement
- Joint working / accountability
- Transformation activities
- Transparency
- Performance
- Intellectual property rights
- Information governance
- Staff
- Default, termination and exclusion
- Warranties, liabilities and indemnities
- Dispute resolution procedure

Transformation activities

A schedule of activities may be included in the alliance arrangements to allow partners to develop and test options for a long-term integrated care solution.

Activities may include:

- Collaborative arrangements to deliver system-wide savings plans
 - Risk / reward share mechanisms as part of wider system control totals
 - Pooled / capitated budgets for services within the scope of the alliance
 - Incentives for GPs and other partners to participate in a long-term integrated care model
 - New ways of working together and new care pathways
 - Transformation activities for specific services in line with STP plans
 - Options appraisal for the long-term integrated care model
- Developing and implement locality operating models

For more information please contact:

Jamie Foster

Partner, Corporate Commercial

dd: 0207 484 7594

e: j.foster@hempsons.co.uk



Christian Dingwall

Partner, Corporate Commercial

dd: 0207 484 7525

e: c.dingwall@hempsons.co.uk



Rebecca Hainsworth

Solicitor, Corporate Commercial

dd: 0161 234 2459

e: r.hainsworth@hempsons.co.uk

