phn
CENTRAL AND
EASTERN SYDNEY

An Australian Government Initiative

Commissioning Framework

Contents

Introduction

Central and Eastern Sydney PHN (CESPHN) supports primary healthcare through capacity building, coordination, and the commissioning of services as needed to address identified gaps and needs in their local areas.

Primary health care is the foundation of Australia's healthcare system, delivering broad-ranging services within the community. It spans health promotion, prevention and screening, early intervention, and treatment — supporting people to stay well and access care close to home.

PHNs commission other organisations to deliver services on their behalf. By evolving our commissioning approach, we aim to create a more connected, responsive, and outcomes-driven primary health system — one that delivers better value meets the diverse needs of communities in central and eastern Sydney.

Commissioning is a key strategic enabler to drive more integrated, effective, innovative and sustainable solutions to better meet local needs.

Objectives

This framework details Central and Eastern Sydney PHN's approach to commissioning. It is intended to guide practice across the organisation, as well as communicate our approach to stakeholders.

Specifically, this framework:

- Sets out the core principles that guide our commissioning approach
- Outlines the governance structures that underpin our commissioning activities
- Shows how our commissioning approach aligns with CESPHN's strategy, vision, and purpose
- Describes the commissioning cycle and the key activities that support a strategic, outcomes-focused approach

This framework will be continually reviewed and updated as we continue to learn from our experience, mature as an organisation, and respond to the changing needs of the Central and Eastern Sydney population.

Central and Eastern Sydney PHN

The central and eastern Sydney region stretches from Strathfield to Sutherland Shire and east to the coastline. It covers the Sydney CBD and includes Lord Howe Island. Our catchment area spans 587 km2. We are one of 31 primary health networks across Australia and have over 1.6 million individuals residing in our region. By 2031 our region's population is estimated to reach more than 1.9 million, with the most significant increase to be seen in the number of people aged over 65 years.

The region's population is characterised by cultural diversity. Over 16,000 Aboriginal and Torres Strait Islander people live in the region and 40% of residents were born overseas. 37% speak a language other than English at home and six percent do not speak English well or at all.

The boundaries of Central and Eastern Sydney PHN align with those of South Eastern and Sydney Local Health Districts. Other important partners across our region include St Vincent's Health Network, Sydney Children's Hospitals Network, Justice Health, local GPs, allied health professionals, nurses, secondary care providers and other organisations across the health and human services sector.

Our vision, purpose, values and priorities are detailed in our **2025-2027 Strategic Plan.**

Our vision

Our vision is **healthy and thriving communities.**

Purpose

The core purpose of Central and Eastern Sydney PHN is to enable high quality, accessible health care.

Priorities

The Commonwealth Department of Health, Disability and Ageing has set seven priorities for PHNs, shown below.

- Mental health
- Aboriginal and Torres Strait Islander Health
- Population health
- Digital health
- Health workforce
- Aged care
- Alcohol and other drugs

What is commissioning?

Commissioning is a strategic, evidence-driven approach to designing and sourcing services that respond to local priorities. PHNs focus on identifying and highlighting community needs and work to ensure resources are provided to where they are needed most.

Commissioning goes beyond simply purchasing services. For CESPHN, commissioning also means:

- understanding the needs of the local population
- prioritising and planning services to meet those needs
- working closely with stakeholders, service providers and communities to ensure that what is needed can be delivered
- purchasing new services to address gaps
- monitoring and evaluating the effectiveness of those services, to learn and improve.[1]

Commissioning is a dynamic, ongoing process that drives innovation and ensures services stay responsive to community needs. It directs resources to where they'll make the biggest difference and supports more integrated, coordinated care across the health system.

A strong relationship between commissioners and service providers enables timely problem solving and flexibility to adapt service models when needed. Commissioning is widely recognised as a key driver of value-based care in the health sector.

This approach to commissioning services results in:

- better understanding of the needs of local populations
- greater focus on health outcomes that matter to people
- consumers being the centre of care, with services organised around their needs
- better relationships between stakeholders, providers and patients
- improved value for money through open and transparent service design and contracting processes.

Increasingly, we are incorporating outcomes based commissioning into our service design and contracting.

Our approach to commissioning

Our commissioning principles

The following principles have been developed to guide our approach to commissioning.

1. We will seek to understand the diverse needs of the communities across our region, including Aboriginal and Torres Strait Islander people, people from culturally and linguistically diverse backgrounds, people from low socioeconomic communities and populations, and people from vulnerable or marginalised groups
2. We will commission services that advance equity by addressing identified needs and deliver individual and population health outcomes
3. We will collaborate with our partners to commission integrated services in a way that provides a seamless experience for consumers and reduces duplication
4. We will co-design services or components of a program. We will consider a range of perspectives in co-designing services, whether they are someone with living or lived experience, a service provider, a commissioning partner or a clinical expert
5. We will manage procurement in a way that promotes probity, transparency and manages conflicts of interest
6. We're committed to being a learning organisation — continuously monitoring and evaluating our work in partnership with providers to drive ongoing improvement.

Commissioning cycle

Central and Eastern Sydney PHN has adopted the model of the 'commissioning cycle' as recommended by the Australian Government.[2] (see Figure 1).

The first stage of the cycle, **strategic planning**, includes assessing the needs of the population, identifying service gaps and planning for initiatives to address unmet needs. The second stage, **service design and contracting**, includes contracting services but also working with the sector to shape the structure of supply. The final stage, **monitoring and evaluation**, includes contract and performance management, as well as evaluation to inform continuous improvement.

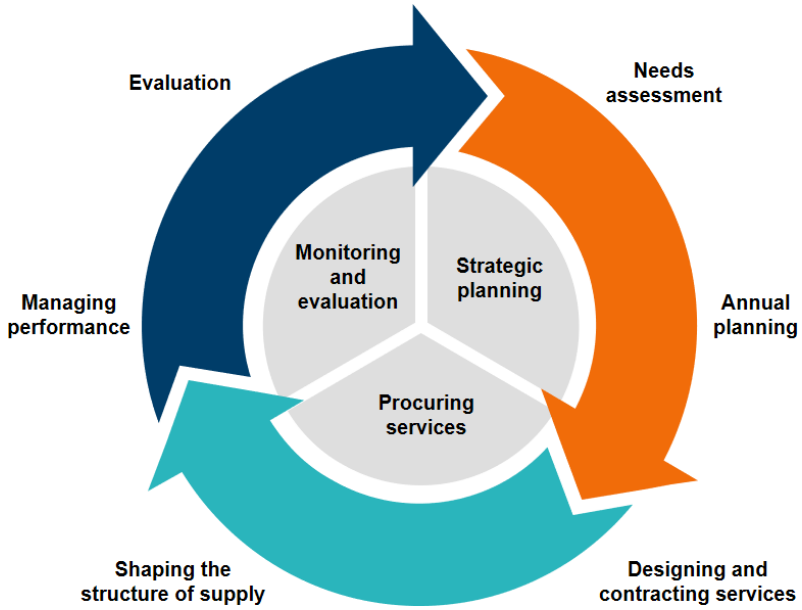

Figure 1 -

While this model provides a useful way of communicating our approach, in practice it is often more complex with multiple activities happening at the same time across multiple teams. This is important as it allows us to be flexible in our responses to emerging needs and changing priorities.

Importantly, the commissioning cycle can be adaptive and continually refined based on learning and feedback. This allows us to continuously improve what we do and strategically approach how we will monitor and evaluate an initiative while in the planning stages.

Towards outcomes-based commissioning

Central to our approach to commissioning services is an increasing focus on the outcomes that matter to the people using them. This means that when we are planning activities, and designing and procuring services, the outcomes that we are striving to achieve will always be front of mind.

As we develop target outcomes for commissioned programs, we will consider the five elements of the Quintuple Aim.[3] The Quintuple Aim (see Figure 2) provides an important reminder to consider the outcomes that matter to the diverse stakeholders across the health system.

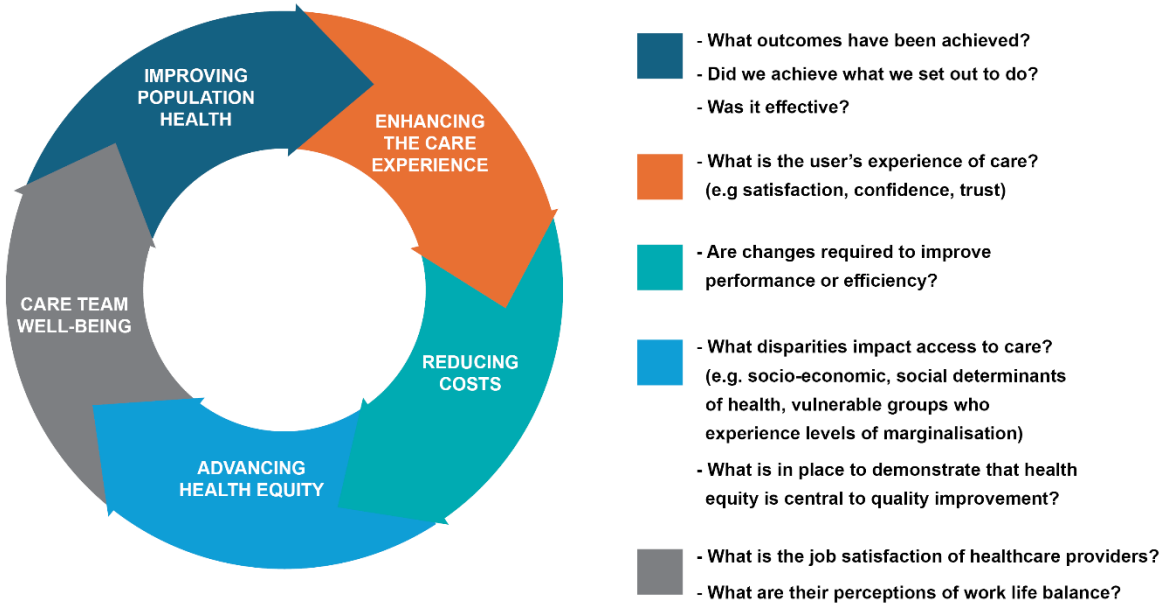

Figure 2 – Quintuple AIM approach

Program logic

Program logic helps clarify what we aim to achieve and how we plan to get there — linking inputs, activities, outputs, and outcomes – see Figure 3. It supports progress tracking, inclusion of clearer measurement, evaluation of program success or otherwise, and collaboration with communities and providers to design services that meet local needs.

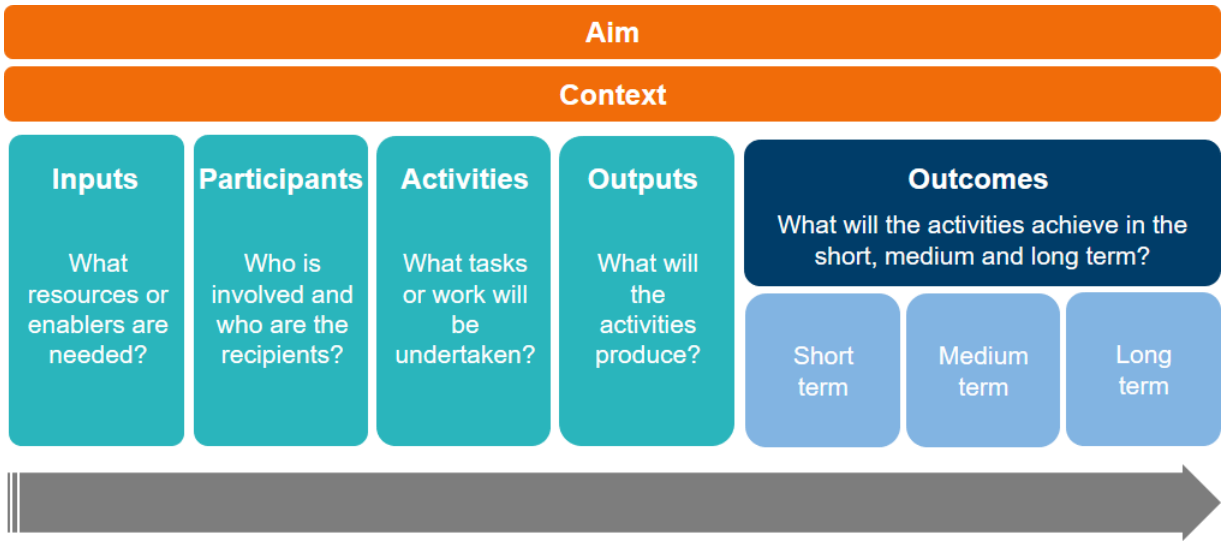

Figure 3 - Program logic and supporting information

Each program we design is underpinned by a program logic, which identifies the short-term, medium-term and long-term outcomes the program aims to achieve, including how it contributes to Central and Eastern Sydney PHN's overarching program logic.

Program logic is a key tool in setting the evaluation criteria and methodology from the outset of a project. Program logics are designed at the start of program planning.

Governance and leadership

Our governance structures provide oversight of our commissioning approach and activities. The Board approves the strategic plan, provides direction to the CEO and executive on the approach to commissioning, and approves funding allocations.

Our Board of Directors is supported by finance, audit and risk, governance and nominations committees and receives strategic advice from our clinical and community councils.

Our annual financial audit has a significant focus on commissioning processes and identifies opportunities for I improvements to the processes.

The Community Council advises the Board on delivering person-centred care that reflects the lived experiences and expectations of consumers, carers, and communities. The Clinical Council provides strategic advice on areas such as care quality, efficiency, population health planning, and commissioning aligned with local and national priorities. Our program advisory groups offer targeted insights on specific issues and areas of focus..

Our senior management and staff are responsible for implementing all stages of the commissioning cycle. Our workforce is supported operationally by corporate systems, policies and processes, including procurement and contract management, human resources, finances, information technology and management, planning and communications.

Procurement activities are supported by a coherent suite of policies, procedures and templates which ensure risk management, probity, value for money and clinical governance are paramount through consistent processes which are clearly documented and are applied at all stages of procurement and contract management.

Co-design and consultation

We recognise the value of involving people with lived experience, communities, providers, and clinical experts in shaping better health services. Co-design is one important way to do this — particularly when we're looking to develop innovative, community-informed solutions to complex challenges.

That said, co-design is not always possible or appropriate. Our approach is grounded in pragmatism: we engage the right people, at the right time, in the right way — guided by the purpose of the engagement and the stage of the commissioning cycle.

Sometimes that means deep collaboration through co-design. Other times, it may involve targeted consultation, structured feedback, or working through our established advisory committees. All of this work is supported by CESPHN's **Stakeholder Engagement Framework** and **Community Engagement Strategy** (links to be added).

Where co-design is used, we ensure it's inclusive, purposeful, and transparent. We are mindful of probity requirements and manage potential conflicts of interest, particularly when engaging current or prospective providers.

Our Principles for Engagement

Our approach to engagement is based on a few key principles:

- **Fit for purpose** – we tailor the method to the goal, the stakeholders, and the context
- **Realistic and transparent** – we're clear about what participants can and cannot influence
- **Respectful and inclusive** – we value diverse voices, including those with lived and living experience
- **Ethical and accountable** – we maintain probity, manage risks, and use input to inform action

While co-design can be powerful, it's just one tool. We also use a variety of consultation methods to stay connected with local priorities and experiences.

Examples of how we undertake consultation include the following strategies:

- Advisory groups (e.g. Clinical and Community Councils, program advisory groups)
- Targeted surveys and feedback loops on specific topics
- Engagement through our communications channels
- Regular discussions with commissioned service providers
- Meetings with universities, peak bodies, and consumer representatives
- Stakeholder input into Needs Assessments and strategic planning

Our stakeholder engagement includes general practice, allied health, community-managed organisations, universities, lived experience representatives, peak bodies, and consumer advocates. These relationships are essential to understanding what's working, identifying gaps, and planning for the future

Working with the sector

We are committed to working with the health and community services sector to manage change, encourage innovation and ensure providers have or are able to develop the capacity and capability to meet the needs of the population.

This also means welcoming ideas and innovation from the sector. At times, this may take the form of unsolicited proposals that will be considered within the confines of probity and tendering protocols.

Key activities in working with the sector include sector analysis and sounding, sector making and shaping, and co-commissioning.

We also have an opportunity to increase the wellbeing of commissioned services staff by assessing and implementing measures to improve the working life of provider staff. In turn this will contribute to minimised staff turnover and better client outcomes.

Sector engagement and market analysis

To make effective decisions, we need a strong understanding of both current and potential providers. This includes engaging providers through co-design, as well as undertaking sector analysis and market sounding during service design and procurement.

- Understand provider capability and capacity to meet population needs — including where service gaps exist
- Gauge the sector's readiness and willingness to adopt new models of care and commissioning approaches
- Anticipate the impact of change on the sector, including provider sustainability
- Identify the most suitable procurement strategy

These insights are drawn not only from direct consultation with providers, but also from data analysis, mapping funding sources, reviewing past performance, and benchmarking against similar sectors or region.

Sector making and sector shaping

While Central and Eastern Sydney has a wide range of service providers, gaps remain — whether due to limited geographic coverage or an absence of the full range of services required. At the same time, some smaller providers may need support to grow their capacity and thrive in an evolving sector.

In these cases, sector making and shaping activities are essential. These actions help build a more responsive, capable provider landscape that can meet the changing needs of our population. As part of service design, we will undertake targeted sector shaping where needed to strengthen the market and support sustainable, high-quality service delivery.

This may involve:

- supporting providers to come together, develop collaborative models and share good practice
- encouraging and facilitating consortiums and joint ventures
- supporting providers to develop their capacity to deliver contemporary models of care, such as digital health models or models that are integrated in innovative ways
- encouraging providers to expand their services into new regions or areas
- driving capability uplift among smaller providers to develop the core tendering capabilities needed to compete in a maturing sector
- communicating regularly and explaining how to work with us and what to expect.

Co-commissioning

Commissioning also allows us to work more closely with partners in the healthcare sector, including to co-commission services. There is no one approach to co-commissioning, and it will vary depending on the particular program, service and partnership. Co-commissioning can mean working together at various stages of the commissioning cycle, whether to jointly identify needs, design solutions or procure services. This could be co-commissioning services or pooling funding to fund direct treatment services to facilitate capacity building events for the local workforce or to develop educational resources that can be shared.

The strength of co-commissioning is that it provides a way of:

- pooling funds to expand our reach and impact
- reducing duplication to increase the efficiency of services
- reducing complexity for providers we commission
- increasing the coordination and integration of services to provide a seamless healthcare experience for consumers
- trialling innovative models that require collaboration.

We are always exploring opportunities to co-commission, whether as the lead commissioner, in partnership or as a contributor. Co-commissioning is appropriate if there is mutual benefit to the commissioning partners.

Stage 1: Strategic planning

Needs assessment

The purpose of needs assessment is to identify population health needs and service gaps. The findings are intended to inform appropriate responses that support and strengthen our primary health system.

Needs assessment is an ongoing and iterative process. Our first **baseline needs assessment** was released in 2016, and was undertaken in partnership with South Eastern Sydney Local

Health District, Sydney Local Health District, St Vincent's Hospital Network and Sydney Children's Hospital Network. This needs assessment identified the baseline health and health services needs of the central and eastern Sydney community.

Since then, it has been updated annually. This process has involved re-examining the health needs and service gaps of the region, updating data, integrating new input from stakeholders and communities, and analysing outcomes from activities undertaken in the previous 12 months.

Additional needs assessments have been undertaken to identify needs and gaps relating to local health issues, such as a targeted mental health and suicide prevention needs assessment, and a drug and alcohol needs assessment. Moving forward, CESPHN is required to review our needs assessments annually and submit a new needs assessment 3-yearly. Our current needs assessment, submitted in November 2024, covers the three year period of 2025-2027.

We take a mixed method approach to needs assessment, drawing on:

- quantitative data from internal, administrative and a range of publicly available data sources including census-based sources
- qualitative data from purposeful and incidental engagement activities, including consultation with advisory groups and member networks, and surveys of stakeholders.

We are always working to improve our approach to needs assessment and data collection. The sheer number of services and providers across the region makes mapping services to population and priority areas a significant and ongoing task. Some of the ways we are working to increase the level of sophistication of our needs assessment include:

- capturing and monitoring data in an ongoing way, to capture emerging issues and changing needs in real time
- undertaking 'deep dive' assessments into targeted areas
- improving our methods for capturing and analysing qualitative data to provide context and analytical rigour
- drawing on data derived from the outcomes and outputs of services we have initiated and commissioned, and data derived from general practices
- collaborating with our partners to build health intelligence
- advocating for and participating in the conduct of research to fill evidence gaps.

Activity planning

Once population needs are identified, we assess and prioritise commissioning options based on a range of strategic and practical considerations, **including:**

- The extent to which the program addresses population needs and enhances the efficiency and effectiveness of care
- Opportunities to improve service integration and coordination
- Potential to improve equity in access to care
- Funding availability and overall value for money
- The current commissioning environment and broader sector reforms
- Alignment with CESPHN's strategic objectives
- Compliance with the PHN Performance and Quality Framework

We take a collaborative approach to planning, working closely with partners to anticipate future gaps and opportunities. This shared planning process helps deliver on CESPHN's core purpose — improving and transforming care — while aligning with the goals of the Quintuple Aim

Stage 2: Service design and contracting

The second phase of the commissioning cycle focuses on service design and contracting. Our approach aims to build collaborative partnerships and manage risk effectively for both Central and Eastern Sydney PHN and our providers. .

Activities in this stage will usually include:

- working with stakeholders to co-design services to address identified and prioritised needs
- assessing the capacity and capability of the sector to deliver services through sector analysis and soundings
- determining the most appropriate procurement model
- where appropriate, working with partners to co-commission services.

Our approach to procurement is detailed in our Procurement and Contracting Manual which includes principles and operating procedures for all staff in the selection of goods and providers of services and in the creation, review and execution of agreements.

Our procurement processes are underpinned by a robust Procurement Plan, which guides program officers and managers through the procurement process from tender through to contract. The Plan details all required steps, milestones and approvals, and requires potential risks to be identified, rated and mitigation strategies developed.

While an open tender is always our preferred procurement approach, in some instances it may be appropriate to take a more limited or direct procurement approach. This may be because a more direct approach will deliver the best outcomes for consumer need, existence of a thin market or to meet an urgent and unforeseen need.

CESPHN may receive unsolicited proposals from time to time and will review these proposals. All proposals will be evaluated fairly, transparently, and in line with probity principles. In assessing an unsolicited proposal CESPHN will consider if it:

- addresses priority areas identified in our Needs Assessment
- aligns with the strategic objectives of CESPHN
- represents value for money and can be funded within available resources
- aligns with the Government's policies and guidelines, should its funding be allocated from Commonwealth PHN Program funds
- is unique and/or innovative and could not reasonably be delivered by another organisation through a competitive process within acceptable timeframes.

We appreciate the importance of maintaining and adhering to proper probity practices throughout the procurement process. We have developed a suite of policies and guidance for all staff responsible for managing procurement processes. **Relevant policies include:**

- Probity Principles
- **Conflict of Interest Policy**
- **Tender Clarification and Negotiation Guidelines**
- **Delegations Policy**
- **Privacy Policy**.

Stage 3: Monitoring and evaluation

Monitoring and contract management

Performance monitoring and contract management allows us to track the delivery of services, and to measure progress towards the delivery of outcomes. Rather than monitoring and managing contracts from a distance, we are committed to working in close partnership with our providers. This helps ensure that we are able to learn and continuously improve how we work together, and that we can respond to emerging issues and changing needs in real time.

Performance monitoring and contract management considers a range of factors including:

- whether contract deliverables have been met including timeliness and quality
- whether contract KPIs (access/outcome/experience) have been met
- how the provider manages incidents, risk and identifies opportunities for quality improvement.
- recruitment, staff retention, staff supervision and training.
- stakeholder engagement including consumer involvement and integration with other services.

Our monitoring and contract management approach keeps the outcomes we are aiming to achieve front and centre. This means enabling ongoing refinement of the service model in response to learnings, unexpected issues and emerging opportunities, to drive progress towards outcomes.

Contract management requirements that must always be followed, include:

- having a detailed contract management plan in place, which has been agreed with providers as part of the procurement process
- having clearly defined escalation pathways and prescribed behaviours in place.

The specific contract management approach and plan is developed according to the intensity of management required with consideration of the value, risk and complexity of each contract.

Evaluation

Evaluation is the structured collection and analysis of information to assess whether a program is effective, efficient, and fit for purpose. At CESPHN, we are committed to evaluating our commissioning activities in partnership with providers — not to assess individual performance, but to better understand the effectiveness of our commissioning approach, the service model, and the achievement of intended outcomes.
Evaluation is best planned in the design phase of programs to ensure clearly defined and measurable outcomes that can be evaluated. During the program design phase, we can appropriately resource and time the evaluation of programs; including allocation of budget and ensuring evaluation findings will be available when needed to support decision making. Evaluation plans, which include program logics and a data collection plan, are developed in the design phase to ensure consistency and to maximise the benefits of an evaluation.

Our approach to evaluation is documented in our Evaluation Framework, which has been designed to ensure that evaluations are high quality, ethical and focused on improving outcomes for our population. The Framework also provides guidance on the scale and type of evaluation that should be undertaken, depending on the nature of the program being evaluated.

The scale of the evaluation depends on the size, value, risk and complexity of the program. This also influences whether the evaluation is undertaken internally by the PHN, or by an independent evaluator.

The type of evaluation depends on the questions that need to be answered, and the stage of program development and implementation. It may use one or more of the types listed in the table below.

Type	Program logic	Key questions
Process	Inputs, activities and outputs	▪ Have activities been implemented as planned? ▪ What aspects of the program are working well and what aspects could be improved? ▪ Is client experience data collected reviewed and implemented to improve service activities, delivery and outputs?
Outcome	Outcomes	▪ Is the program meeting its stated objectives? ▪ What difference did the program make in the short, medium and long term? ▪ Is client outcome data collected and reviewed to monitor and evaluate outcomes?
Economic	Inputs and outcomes	▪ Does the program provide value for money? ▪ Did the benefits justify the costs?

Table 1 – Types of evaluation

Completion and transition

As per the iterative cycle of commissioning, decisions about the completion and transition of contracts are informed by what we have learned through monitoring, evaluation and our continuing assessments of needs. It is critical to consider the changing needs of the target population, equity of access to services, and the changing service and funding landscape.

This step always involves consulting closely with partners and providers and building consensus on any changes, while maintaining our duty of care to ensure the needs of service users continue to be met.

Implementation strategies

Looking ahead, our focus is on deepening and strengthening our commissioning practice to deliver greater impact and system value. Key priorities include:

- Advancing commissioning for outcomes – building capability to move beyond purchasing activity, towards funding services that demonstrably improve outcomes, while maintaining a strong ethical foundation
- Embedding meaningful stakeholder engagement – ensuring co-design and consultation are purposeful, proportional, and integrated across every stage of the commissioning cycle
- Investing in workforce capability – providing ongoing learning and development to equip our staff with the skills, knowledge, and mindset needed to deliver on the strategic intent of this framework
- Strengthening collaboration across the PHN network – working with peers at state and national levels to share insights, align approaches, and support collective capability uplift
- Partnering for integrated care – deepening collaboration with funders, providers, and system partners to explore co-commissioning opportunities and deliver more coordinated, person-centred care

These priorities reflect CESPHN's commitment to addressing key system challenges: fragmented service delivery, gaps in access and equity, limited integration across care settings, and a historical focus on outputs rather than outcomes. By evolving our commissioning approach, we aim to create a more connected, responsive, and outcomes-driven primary health system — one that delivers better value, meets the diverse needs of our communities in central and eastern Sydney.

Appendix

- Appendix A: Central and Eastern Sydney PHN Health Snapshot

References

1 Australian Government Department of Health 2019. A commissioning overview in the PHN context. Available at: https://www1.health.gov.au/internet/main/publishing.nsf/Content/E7C2647FBB966A98CA2582E4007FE11F/$File/Provider%20I nfo%20Sheet%20-%20Commissioning%20overview%20v1.1.pdf

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