

<p>Yorkshire and the Humber Strategic Health Authority</p> <p>BOARD MEETING</p>	
<p>Date: 8 September 2009</p>	<p>Report Author: Jo Franklin</p>
<p>Title of paper: PCT Development and World Class Commissioning Assurance 2009/10</p>	
<p>Actions Requested: The board is asked to note this report.</p>	
<p>Governance Requirements</p>	
<p>SHA Objectives supported by this paper: Principal Objective No. 6: PCT Development and Assurance</p>	
<p>Risk Management: Risks 6.1 and 6.2 identified in the Board Assurance Framework are addressed by this report. Risk 6.1 = Lack of SHA capacity to run the WCC assurance process. Risk 6.2 = Lack of corporate leadership of SHA development of PCTs.</p>	
<p>Board Assurances: This paper provides the board with assurance that these two risks are being controlled and managed. The board will receive a report on the outcome of Year 2 WCC assurance in either July or September 2010 (dependent on the timing of the publication of results). This will include a report on SHA delivery of the assurance process and an update on PCT development. Progress on managing these risks will be reported to the board in the Board Assurance Framework, and will be managed by the SHA WCC Programme Board.</p>	
<p>Communication (including public and patient involvement): Changes to Year 2 WCC Assurance are being communicated by DH and cascaded by the SHA to PCTs. Guidance on Year 2 Assurance will be issued in September 2009 to SHAs and PCTs, following consultation in June/July 2009. A public polling exercise, commissioned nationally is being undertaken during the early Autumn to inform WCC competency ratings for each PCT.</p>	
<p>Resource Implications: There are resource implications for the SHA in running Year 2 assurance. These are being worked through in the WCC Programme Group and resources have now been identified. The Department of Health has awarded a contract for external support to WCC assurance to McKinsey and Ernst & Young. The cost to each SHA for the first year of support (ie to support Year 2 assurance) is £300k. There will be a cost for 2010/11; this is expected to be between £150k – 200k, but no details have been forthcoming from the DH as of yet. £300k has been added to the SSR Directorate budget by SMT to cover Year 2 assurance. This will be paid to the DH, who is procuring the support centrally. The value provided by the firms to this SHA will be managed by Jo Franklin.</p>	

Legal Implications:

None

Equality and Diversity:

The SHA will ask each PCT to produce an equality impact assessment alongside their refreshed strategic plans during Autumn 2009.

Yorkshire and the Humber Strategic Health Authority

8 September 2009

World Class Commissioning Assurance and PCT Development

Introduction

1. This paper
 - reports to the board on the proposed process for Year 2 World Class Commissioning (WCC) Assurance of PCTs;
 - updates the board on development of local PCTs; and
 - reports on progress made on areas for future work internally identified in the last board report on WCC assurance (March 2009).

Background

2. In March 2009, the board received a paper reporting progress of the WCC assurance and PCT development in Yorkshire and the Humber. The March paper, and the April 2008 board paper on World Class Commissioning, set out the purpose of the national WCC assurance and development programme. WCC is a vision for how we can transform commissioners (PCTs) to play their part in the system as a whole for improving health and health care. It sits alongside other Government reforms of the health service in recent years, such as the development of the tariff.
3. In the March 2009 board paper, the results of the first year of WCC assurance of PCTs in Yorkshire and the Humber were reported. In summary, the PCTs in this region scored very well relative to others nationally, and the Department of Health (DH) has subsequently produced a table ranking competency score achievement across the 10 SHAs. This is attached as Annex A.
4. One of the 20 principal objectives in the SHAs Business Plan for 2009/10 is PCT Development and Assurance, as agreed by the board in May 2009. The corporate objectives within this principal objective are:
 - We will provide development support for PCTs, including development of PCTs against agreed trajectories, with a particular focus on:
 - a measured significant improvement in the competency scores and governance ratings of our PCTs; and
 - measurable, sustained improvement across all PCTs (keeping our position amongst the top 3 SHAs in the

country), including sustained improvement across all health outcome areas.

- We will operate, and contribute to, an effective, excellent and trusted WCC assurance process of PCTs in 2009/10, mobilising the combined effort and talent of all Directorates in the SHA.
 - We will champion the role of NHS commissioning in delivering improved health and healthcare for the people of Yorkshire and the Humber.
5. The DH has recently confirmed that WCC continues to be the key driver for improved health outcomes, reduced health inequalities and higher quality care. Given the prevailing economic environment, transformational improvements in commissioning are needed to deliver efficiency gains and value for money. WCC assurance should play an important part in stimulating these improvements. In Yorkshire and the Humber we have already seen the benefits of effective commissioning for local populations. Three examples are provided in Annex B.
6. Following Year 1 of the assurance process, the DH carried out a comprehensive evaluation and, as we reported in the March board report, the process evaluated very successfully. It was judged as rigorous, stretching and fair, and valuable. The main points arising from the evaluation were:
- overall the WCC framework was good with only fine tuning required;
 - over 80% of Yorkshire and the Humber stakeholders considered they had received high quality support from the SHA for the WCC process, compared to the national average of 60%;
 - the timing for future years should align more closely with the Audit Commission's use of resources assessment;
 - the focus for 2009/10 should be on each PCT improving their performance against the 2008/9 position;
 - better metrics were needed for some of the national outcomes (e.g. mental health);
 - the governance, and particularly strategy assessments, should be strengthened to differentiate more clearly between red, amber and green ratings; and
 - some of the sub-competency descriptions need more granularity so it is clearer what level equates to different performance.

WCC Assurance Year 2

7. The proposed national process for Year 2 takes all of these evaluation points on board. The guidance and documentation for Year 1 will be issued by the DH during September 2009.

8. The DH has also taken on board a number of key policy and economic changes that have taken place since Year 1. For example, the profile of quality, choice and clinical engagement has risen due to the Next Stage Review, NHS Constitution, guidance on clinical commissioning, and the Quality, Innovation, Productivity and Prevention (QIPP) agenda. There has also been a focus on strengthening commercial skills in commissioning, alongside a more structured approach to Transforming Community Services, particularly the need for commissioning strategies for community services.
9. Delivering improved outcomes will continue to be at the heart of WCC assurance. The focus for Year 2 (as currently proposed) will be strengthened through the requirement for PCTs to set out year-on-year “aspirations” for health outcomes and agree these with their SHA.
10. The timing of the process in Year 2 has been changed to create a better alignment with all the regulatory assurance processes, including those run by the Care Quality Commission (CQC), the Audit Commission and the Comprehensive Area Agreement. The timetable for 2009/10 is:
 - September to December - PCT preparation
 - January to March - analytical phase (SHA led)
 - April to May - PCT panel days
 - June / July - calibration and publication of results.
11. An additional competency has been added (No. 11). This has provisionally been called “Ensuring efficiency and effectiveness of spend”. This will give additional focus on PCTs medium term financial plans, and give us an opportunity to rigorously test whether PCTs have a financial grip in the current economic climate.
12. Prior to Year 1 of the assurance process, this SHA decided to carry out observations of PCT boards, some of which included SHA non-executive directors. This provided individual feedback to PCT Chairs and their boards. This, and particularly the actual assurance process, has contributed to PCT boards having a clearer grip on strategic direction and the performance management of their commissioning function. The majority of PCT board members took part in the actual panel days during November and December 2008 and informal feedback from individuals has been that it was a valuable experience. The WCC team at the SHA do not propose repeating the board observation exercise this year, and it is not part of the nationally designed process for Year 2. PCT boards will have to make a self certification as in Year 1.

PCT Development in Yorkshire and the Humber

13. The SHA plays a unique role in overseeing local development, regional initiatives and opportunities available nationally. This is with the aim of ensuring that PCTs in Yorkshire and the Humber maximise opportunities available to them, particularly in the spread and take up of best practice.
14. The bulk of PCT development takes place locally. Each PCT has an organisational development plan and has set out aspirations for how they intend to realise their strategy, as well as, trajectories for the WCC assurance “scores” in Year 2. Dependent on PCT priorities, support is offered from the SHA such as:
 - support for communications capability building (eg Masters programme commissioned);
 - guidance, advice and shared learning on market analysis, approach to understanding provider economics and prioritisation of investment;
 - organisational development expertise, including board development;
 - co-ordination of the regional leadership and talent management strategies;
 - co-ordination and leadership of regional approach to workforce planning from a commissioning perspective;
 - tailored support and advice to PCTs on strategic planning;
 - co-produced development programme (SHA and NHS Institute for Innovation and Improvement) running during 2009/10 for PCT teams, focusing on QIPP;
 - forging links across to the regional development of social care commissioning, maximising the opportunities for joint learning;
 - public health initiatives to support evidence based commissioning for improved outcomes; and
 - co-leadership of the Healthy Ambitions pathway groups, focusing on improved commissioning of more effective pathways / models of care;
15. As well as this general support, the SHA is providing some bespoke support for a number of PCTs, with a focus on those that scored less highly in the WCC process. In the case of NHS North Yorkshire and York, the SHA is providing some additional support around strategic service issues, workforce planning and telecare. In the case of NHS North Lincolnshire, the SHA is providing some financial support to help strengthen clinical engagement and leadership. In the case of NHS East Riding, we are providing some specific support around developing their information, intelligence and market analysis functions.”

16. There are a series of regional initiatives such as:
- PCT collaborative programme: major development work in market development and management, social marketing, accredited standards of procurement, mental health commissioning, and initiatives around commissioning primary care;
 - Yorkshire and the Humber Public Health Observatory support and focus on WCC, including the establishment of the “Health Intelligence Y&H” function;
 - Commercial support arrangements, including maximising the support of the commercial Procurement Collaborative;
 - Health market analysis, undertaken jointly by the SHA and PCTs;
17. In addition to the significant amount of focused development activity described above, the SHA is putting a specific emphasis on the sharing and spread of best practice. Locally, PCTs are sharing best practice, either across the region or in clusters. For example, Kirklees, Bradford & Airedale and Calderdale PCTs are collaborating with a focus on competency 8 (promoting innovation and improvement).

To support this, the SHA is:

- facilitating a PCT “buddying” scheme with North West, East Midlands, and West Midlands SHAs;
 - ensuring Y&H PCTs are well represented on a national best practice database (hosted on the NHS Institute’s “PCT Portal”); and
 - co-ordinating a regional database of good practice examples, focused on where PCTs have successfully improved in a competency area, or where improved commissioning has led to a stepped and measurable change in health improvement.
18. The SHA held a regional “Masterclass” event on 12 June entitled “Investing for Health Gain”, focused on sharing good commissioning practice. 85 people attended from 20 organisations across the region. Gary Belfield, National Director of Commissioning, gave the keynote address. The day composed of 15 workshops, covering 5 subjects including:
- advice and guidance on effective public engagement and social marketing techniques (NHS Doncaster);
 - how to systemise good practice across the PCT (NHS Somerset);
 - advice, guidance and tips on effective clinical engagement (NHS Bradford & Airedale); and
 - how to use health intelligence and enable effective commissioning decisions (Y&H Public Health Observatory).

The event evaluated very well, with attendees particularly valuing hearing from PCT colleagues who have delivered best practice.

SHA Internal Development

19. In the March 2009, SHA board report on WCC assurance, three areas were highlighted as areas and would need to examine and determine our approach for Year 2. These, and subsequent action, are set out below:

Areas for work / development identified in March SHA Board paper	Year 2 Improvements
<ul style="list-style-type: none"> • Level of analytical resource required to prepare panels. Supported by external consultants. 	<ul style="list-style-type: none"> • Analytical period will still be externally supported. However, SHA project plan in place detailing significant input from SHA staff in analytical period. This will provide transfer of skill, necessary for future years' assurance.
<ul style="list-style-type: none"> • Raising awareness and relevance of developing PCTs and their commissioning function to all SHA staff. 	<ul style="list-style-type: none"> • Detailed feedback of Year 1 was provided to all staff in all Directorates. During Spring and Summer 2009, all teams and Directorates have considered, consolidated and refocused their support effort to PCTs. Each competency and governance area in WCC has been "allocated" to an SHA Director, responsible for PCT development in that area.
<ul style="list-style-type: none"> • Need to continue "rich debate" with PCTs on strategic plans, and ensure alignment with Healthy Ambitions delivery. 	<ul style="list-style-type: none"> • This is being done through the Healthy Ambitions pathway groups, and by tailored support for PCTs by the Strategy & System Reform Directorate. Year 2 WCC assurance, like last year, will include a check that strategic plans align to Healthy Ambitions.

20. All of these areas of improvement, particularly how SHA staff support the assurance process and PCT development, are steered and held to account by the SHA's WCC Programme Group. This Group is accountable to SMT.

Conclusion

21. Important lessons have been learnt from the Year 1 WCC assurance process, which evaluated very well nationally and regionally. The SHA is very well placed to run Year 2 of the assurance process. For 2009/10 this will involve more SHA staff, but in a focused way that maximises use of staff's expertise, whilst ensuring the transfer of skills from external consultants.
22. The board is asked to note this report and update on WCC assurance and PCT development.

Jo Franklin
Associate Director of Strategy and System Reform
September 2009