The Annual Cycle of Business

PCT Clusters – Local Arms of the National Commissioning Board A paper on the unique mission of PCT Clusters

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Good Governance Institute

Introduction - A year of change

During 2011/12, the reform of the NHS will move forward with a transitional re-alignment of commissioning as we move from the former Primary Care Trust-based (PCT) commissioning system to one where Clinical Commissioning Groups (CCGs) and the National Commissioning Board (NCB) take over this responsibility. As a trusted partner to the NHS, Allocate Software commissioned the Good Governance Institute (GGI) to carry out some research and develop thinking around the unique role of PCT clusters as they go forward into a pivotal year.

HealthAssure and HealthPerform is online software that supports boards in managing their the real-time governance, risk & compliance responsibilities. We are working with commissioning boards as they navigate their way through the current reforms, and have felt it important to share some of the lessons and examples from our clients and others at this complex but exciting time. For further information on HealthAssure or HealthPerform please contact Liz Jones at Allocate on 01782 667001 or email liz.jones@allocatesoftware.com

We have developed this paper for all board members of the new PCT Clusters, senior staff within Clusters and others who need to understand Cluster development, such as board members in the new CCGs.

Acknowledgements

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Allocate Software and The Good Governance Institute has worked with a number of Cluster boards and other involved directly in commissioning changes to produce this guide. We would like to thank all those that have contributed via workshops and otherwise.

About The Good Governance Institute

The Good Governance Institute (GGI) is an established organisation supporting better governance practice. Allocate Software supports the work of GGI as part of Allocate's continued commitement to develop best practice, practical and cost effective governance, risk and compliance solutions.

New horizons for commissioning

The new commissioning landscape should be largely in place by 2013. During this transitional period:

- CCGs are developing towards authorisation
- PCTs will be abolished
- PCT Clusters are holding the ring pending PCT abolition and CCG authorisation, and over time may develop as the local arms of the NCB
- SHAs are being clustered into four zones (one being London), with their formal abolition to be at the same time as PCTs
- The NCB will be developed, taking on commissioning responsibility not undertaken by CCGs
- New system supports to ensure broad clinical input, patient and public engagement and governance oversight are being promoted

Various new responsibilities, such as the duty of candour and the new NHS equalities requirements, are being hard-wired into this emerging system. In parallel, there is a significant acceleration of the provider development programme within the reforms. A stepped change in the role of Monitor, a new provider development authority and clarification over competition with non-NHS care providers are all intended to promote efficiency and effectiveness, better choice for patients, value for money and quality. NHS Trusts will in time cease to exist, their services either under the control of NHS Foundation Trust or others.

New system supports to ensure broad clinical input, patient and public engagement and governance oversight are being promoted:

Common board and governance structures for Clusters to be in place by December 2011
Boards with non-executive and broad clinical input for CCGs
Health and Wellbeing Boards, developed by local authorities
Clinical Senates, which will be constituted within the NCB structure but which will operate locally to support CCGs
National and Local HealthWatch organisations
The National Commissioning Board, with it's own governance and accountability structures

Managing the business cycle for boards

Definition

PCT Clusters are virtual organisations. They do not exist as legal entities. They are a shorthand way of bringing together the boards and management structures of their member PCTs, which remain (until abolition) as the legal entity concerned. The reasons for creating Clusters were to:

- Release immediate revenue savings – fewer organisations with fewer staff
- Create room for the emerging CCG, and allow PCT staff to transfer focus to growing commissioning focus at that level
- Retain control of current business, in order that transition to the new arrangements is achieved within a stable system

In most cases, pathfinder CCGs have been formalised as sub-committees of the PCT Cluster board with delegation of an increasing amount of commissioning business. A key element of the CCG authorisation process is to demonstrate a six month track record of managing commissioning itself. At the same time, the mechanics of commissioning are being transferred to business support units (BSUs) that are expected to ultimately win the contracts with authorised CCGs to provide commissioning support services. BSUs are not always congruent to Clusters or predecessor PCTs.

So the challenge for Cluster boards is how to find the time to carry out the considerable amount of transformation tasks that need doing at a time when they are being swamped by transactional issues. As the accountable body, Cluster boards have significant responsibilities around maintenance and resilience, and the task for boards is very different than for any former PCT board. Boards are genuinely learning whilst doing. And whatever the rhetoric, in practice boards are needing to address a considerable agenda being handed down from the SHA and emerging National Commissioning Board. All this has significant implications for planning board work.

Both Allocate and GGI encourage all boards to take a planned approach to their business, and to think through and agree what value the board will deliver over the coming year. We believe that form should follow function.

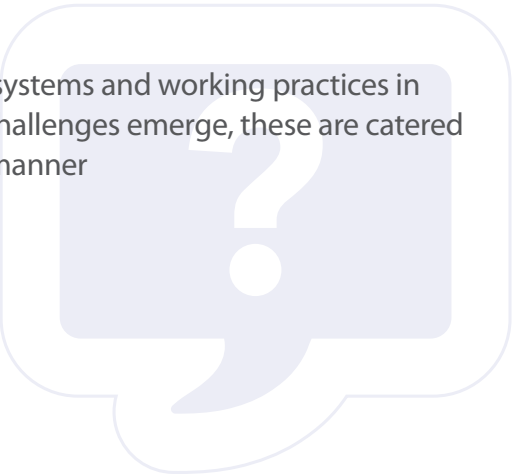
We counsel boards to identify their cycle of business and intended outcomes for their work before deciding on systems and structure. Not to do so is the classic case of the tail wagging the dog. Having in place a formal cycle of business promotes a lean and focussed approach to governance and allows boards to put in place governance mechanisms that are proportionate to their needs.

Each board should agree and own it's own cycle of business. Working with colleagues in PCT Clusters we have been developing thinking to help boards and those organising their work to step-up how the task of planning the board's work can move from being an administrative function to a strategic one. Boards will need to be prepared for:

- **The known knowns**
  An outline of some of the given milestones that PCT Cluster boards should be preparing for

- **The known unknowns**
  Issues boards will need to engage with, but timings and details are as yet unclear. A systematic approach to these will be useful

- **The unknown unknowns**
  Boards need to have in place systems and working practices in order to be sure that as new challenges emerge, these are catered for in an organised, strategic manner

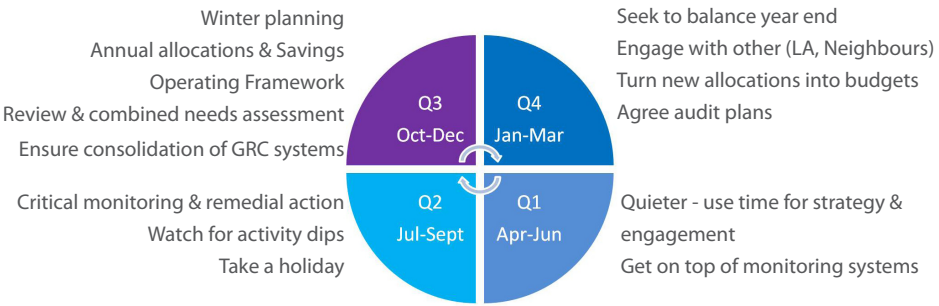


Focus on the board

Working with colleagues in PCT Clusters, and focussing on the board work/ governance (rather than the delivery of cluster business), this resource identifies the rhythm of the year .

Focus on:

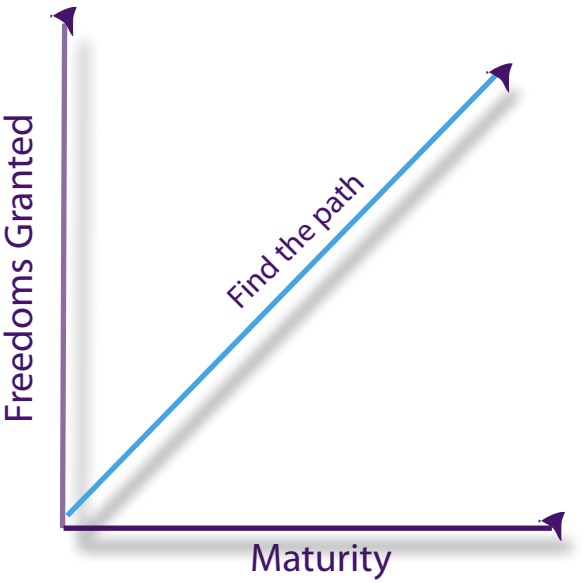
- A high-level outline of known issues that Cluster boards should now be prepared for. This can become a rolling programme tailored to each individual Cluster board.
- Example questions that Cluster boards should be asking themseleves
- Ideas for better board working for Clusters, to prompt discussion
- A maturity matrix, by which Cluster boards can develop thier own board business cycle and be sure that their approach to this is strategic rather than reactive



Cluster board thus have a complex and unique mission. They are not working themselves into a job, but out of a job. Success will be that no one notices when they leave the stage and the new cast carry on as the new actors.

The added value of a good Cluster board will be the judgement they make in steering the new players along towards maturity and greater freedom without the local healthcare economy becoming de-stabilised.

The balance between the freedoms they give and the maturity of the new players (and we would include BSUs, HWBBs, Clinical Senates and HealthWatch as well as the CCGs in this) will be the creative tension for Cluster boards.



Known knows - an outline for PCT Cluster boards work 2011/12

By September

- Appointment of accountable officer & Cluster board
- Outline committee structure agreed
- First Cluster board meeting
- HWBB established in shadow
- Cluster wide legacy document to SHA
- Project plan for specialised services
- Public engagement started

October 2011

- Endorse/agree strategic objectives
- Budget delegation & forward plan agreed
- Develop BAF
- Commissioning support, staffing and direction of travel agreed
- Specialist services activity tracked and within plans

November 2011

- Assurance reports on arrangements for networks, specialised commissioning and any hosted arrangements
- Assurance report on "good housekeeping" *
- Registers, external contracts & legacy documentation in place
- Appoint board lead for information governance

December 2011

- Progress reporting on pathfinder development in place
- Final contract accounts completed for handover to NHS CB
- JSNA debated
- Adoption of 'Model II' Cluster governance (if not already achieved)

By November, the board should know that the following have been dealt with:

- Appointments to networks/CLRNs/Partnerships
- Any secondment arrangements for staff have been finalised
- Estates and equipment terriers, registers etc are up to speed
- External contracts are in place, eg research governance
- Internal and Clinical Audit programmes accommodate development of CCG systems
- Claims and litigation processes are up and running, with working relationship established with the NHS Litigation Authority
- A system of mediation or agreed rules/etiquette where existing PCT structures may delay CCG development or assumption of decision taking
- Legacy documentation from PCTs is in order, for example around ongoing claims and reviews

January 2012

- Annual board review (six months in to new system)
- Publication of compliance to Equality Act

February 2012

- Review session around new 'known knowns'
- Finalise shared operating model

March 2012

- Progress reporting on authorisation (will continue as needed to March 2012 as pathfinders need to show six months track record on decision taking)
- Contracts for 2012/13 signed
- Budgets and delegations for 2012/13 agreed
- Sign off of information governance assessment of each constituent PCT and cluster
- Sign off on Equality Delivery System targets

April 2012

- Regional DPH to sign off transfer arrangements of public health function to Local Authority
- Communication & engagement service running
- Single process for Primary Care contract performance management 12 month plan
- CCG's partnership with 3 Any Qualified Provider in place
- Challenge sessions with local CCG boards started
- Single specialised commissioning team in place

Looking forward, All PCT accounts to audit committees in May 2012, and to boards for June 2012.

Business as usual for PCT Cluster boards

Alongside this cycle, boards will need to keep a firm hand on the business as usual, and do this while increasingly delegating commissioning business to the CCGs. PCT Cluster boards need to define what information they need at every meeting, what can be reviewed quarterly and what needs looking at once a year. An example of this is provided below.

Every Meeting

- Integrated performance report (finance, quality, performance)
- QIPP overview tracking
- Delegation trajectory to CCGs
- CCG performance (sub-committee reports of delegated powers to pathfinders)
- Development trajectory of local BSU
- Board Assurance Framework
- Exception reports

Quarterly Review

- Risk register
- Contract quarterly monitoring
- Quality trends – incidents, near misses, complaints, quality implementation
- Transfer of public health function
- Progress of local HWBBs, HealthWatch and Clinical Senates
- Review of services to be directly commissioned by the NCB
- Market update – any qualified provider issues

Annual Review

- Incorporation of annual accounts
- Statement of Internal Control
- Formal patient safety review
- Review of quality and risk profiles of local providers
- Annual infection control report
- Annual director of public health report
- Risk appetite statement
- Chair's annual review of governance
- Audit committee closed session

Key questions for boards to know the answer to

Key questions that the board need to know the answer to with answers that management should be able to provide:

- What is the added value this board will provide our organisation with this year?

A clear picture of both transformational and transactional business for the Cluster, and a clear picture the role of the board in assuring that this is delivered. Management and the board should think through how the board is able to lead the 'art' of balancing between granting freedoms and earned maturity for CCG pathfinders

- What are the known and predictable compliance, regulation, statutory and auditor requirements for this year? When and how do we need to engage with these?

The Board Secretary should have in place a continual process of review of up and coming issues where the board needs to take formal decisions or ensure it has line of sight. This needs to include all such matters for each individual PCT as well as the Cluster

- What strategic and developmental milestones occur during this year, and how do we need to be involved as a board with these?

Management should have in place a means of ensuring the board understands those milestones that may effect it's work but where the Cluster does not have responsibility (NCB development, NHS FT authorisation path of local providers, etc) and those where the board has a more immediate responsibility (CCG development, HWBB development)

Key questions for boards to know the answer to

- Have we agreed when in the commissioning business cycle this board needs assurance or to take decisions?

Management needs to be able to describe this in terms of currently held commissioning business (ie, not delegated to CCGS or the NCB) and those which have been delegated onwards but for which the Cluster remains ultimately responsible

- What other compliance activity is there within the local healthcare economy we need to engage with? Examples might be results of patient and staff surveys from principle providers

The board should be understand the local provider landscape, and ensure that it understands the market it is working within. The various compliances of local providers are increasingly important to understand as commissioners go into risk sharing arrangements and NHS reputation is strained by provider failures

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- What is our pattern of ongoing monitoring and assurance we need to have in place?

Even where responsibilities have been delegated onwards, in the interests of preserving the reputation of the local NHS Cluster boards need to be continually aware of and assured about local NHS services. Management will need to have systems in place to ensure no surprises for Cluster boards

Key questions for boards to know the answer to

As a board and as individual directors, how do we need to manage our own improvement and development? This will include individual director performance review and appraisal, the annual review of the board and general board development

Executive board members should be included in the Chair's review of all board members as members of the board alongside the CEO's review of their executive performance

How do we need to build our knowledge, working systems and strategies? This should pick up when the board should make time for seminar sessions and to build an informed, common mind around the direction of travel

The board and supporting senior management should have an ongoing system for reviewing board support systems (for example, integrated reporting to the board). This should also include challenge to the boards of CCGs pathfinders in order that their boards inherit a better practice standard of working form the PCT Cluster board. The board and governance development journey for CCGs should be informed by progress the Cluster board achieves

Better practice ideas for Cluster boards

'Local intelligence' briefing session at board on state of development/work programmes of HWBBs, pathfinders, Clinical Senate, HealthWatch

Auditor attention will be high as one organisation closes and another opens, as this is considered 'high'risk'

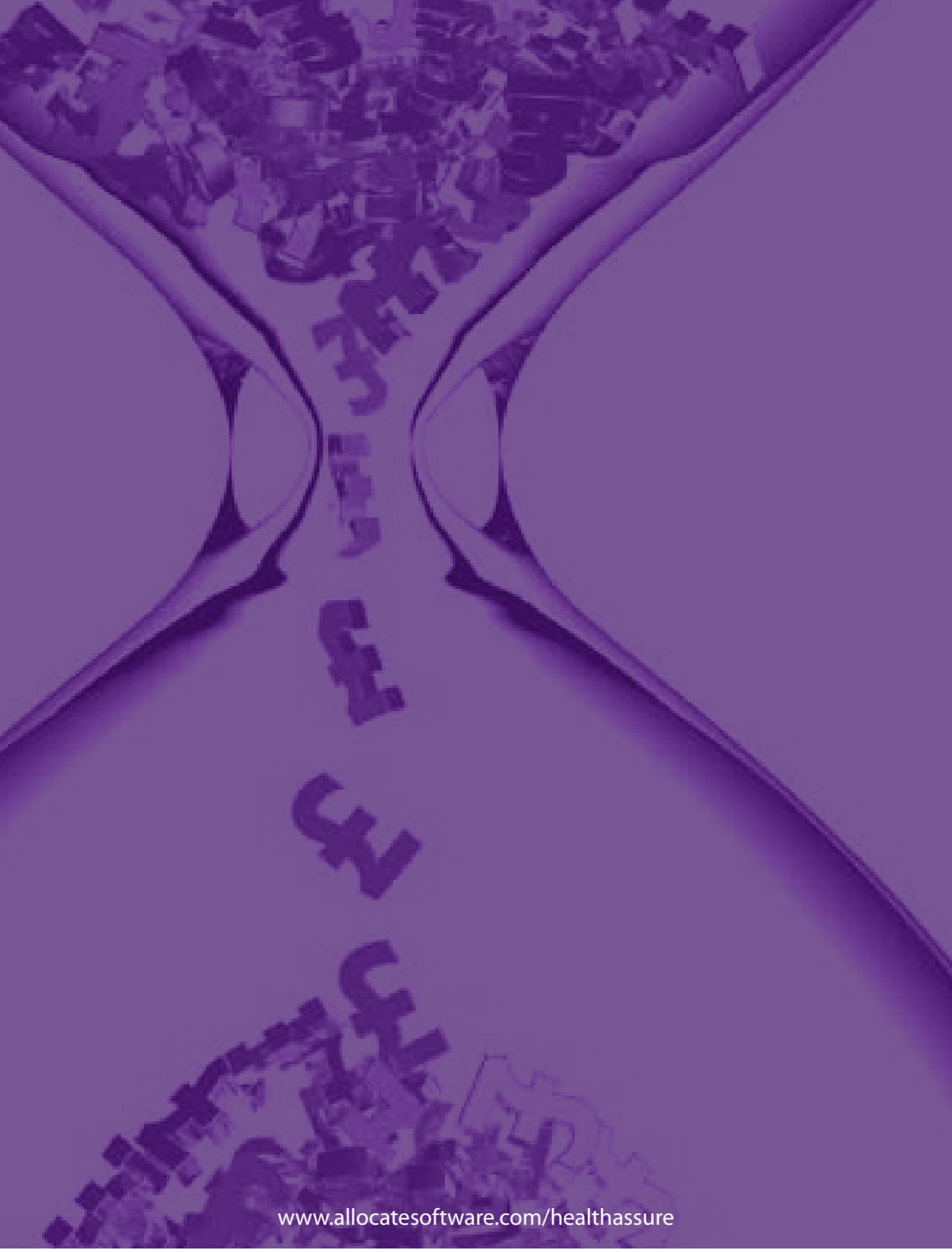
Regular reports on completeness of legacy issues, documentation etc to minimise risk

Don't forget PECs are the one committee required in Statute for all residual PCTs. A formal, auditable footprint of their activity should be in place

Board of PCT Cluster: Cycle of board business

Progress levels Key elements	0 No	1 Basic level - NOW Principle accepted and commitment to action
Ownership/grip of board		Board briefed around what will be discussed and when – rolling timetable for meetings/papers. Committee structures in place
Good governance 'housekeeping'		Structure and governing documents agreed an up to date
Former PCT responsibilities		Destination of all former PCT functions known. Statutory and reporting requirements catalogued
New responsibilities		Board briefed on new structures and responsibilities. Implementation plan for new NCB relationships, information flows, etc
Partner organisations considered		Dialogue with Local Authority and other NHS organisations around changes

	2 Progress – JANUARY 2012 Early progress in development	3 Results – APRIL 2012 Initial achievements evident
	'Added value/annual mission' of board agreed. Review of assurance and strategic grip	BAF matches board programme.
	Board has assurance on principle good housekeeping issues, eg estate, ongoing contracts	Successful sign-offs of 2012 statements of internal control
	'Separate' PCT meetings/reporting requirements set up and operating	All reporting deadlines and statutory requirements. adhered to (eg, accounts, AGMs, PEC meetings)
	Programme of board work/reporting around NCB responsibilities developed.	Board involved in challenge process for pathfinder boards. First EDS cycle completed
	Systematic sharing of information and issues with boards of local CCGs	Formal concordat with HWBB in place HWBB systematically managing relationships in local area



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