World-class commissioning assurance

**Key points**

- The purpose of commissioning assurance is to understand whether primary care trusts (PCTs) are improving as commissioners of better health outcomes.
- Commissioning assurance holds PCTs to account and rewards performance and development as they move towards world class.
- There is one nationally consistent system managed by strategic health authorities (SHAs).
- PCTs will be assessed across three elements: outcomes, competencies and governance.
- Commissioning assurance applies to all PCTs.
- It will be possible to make reliable comparisons of performance across all PCTs.
- The definition of world class will continually evolve.

World-class commissioning is intended to deliver a more strategic and long-term approach to commissioning services which leads to improved health outcomes – better health and well-being for all; better care for all; and better value for all.

There are four main elements to the programme – a vision for world-class commissioning, a set of world-class commissioning competencies, an assurance system and a support and development framework.

The Department of Health (DH) has just published the *Commissioning assurance handbook*. This *Briefing* concentrates on the assurance system, which is linked to the vision and competencies published in December 2007. It also looks at what is being put in place to support boards so that they can deliver world-class commissioning.

PCTs will be assessed across three elements – outcomes, competencies and governance – and the assurance process has five stages – PCT preparation, panel preparation, panel day, calibration and follow-up. This *Briefing* looks at each in turn.

**Principles of the commissioning assurance process**

The process has been designed to be:

- transparent – a clear assessment methodology with clear descriptions of incentives and interventions and how these can be applied
- standardised – one nationally consistent system managed locally by the SHAs
- relative – recognising the starting point of different organisations and focusing on improvement
Figure 1. Five stages of commissioning assurance

1. PCT PREPARATION
   - Choose outcomes
   - Select stakeholders to complete feedback survey
   - Complete self-assessment on competencies
   - Complete self-certification for governance
   - Submit documents

2. PANEL PREPARATION
   - Collate and review documents, metrics, surveys
   - Complete panel briefing

3. PANEL DAY
   - Conduct panel day
   - Provide feedback

4. CALIBRATION
   - Confirm ratings are consistent
     - Regionally
     - Nationally

5. FOLLOW UP
   - PCT should finalise
     - Strategic plan
     - Development plan
   - PCT and SHA agree actions
   - SHA should confirm incentives and interventions to administer

Source: Commissioning assurance handbook.

- flexible – so that the framework can adjust over time as PCTs improve, and to support local innovation
- challenging – matching or exceeding the rigour Monitor applies to foundation trusts
- developmental – focusing on supporting improvement as PCTs move towards world class
- incentivised – with clear incentives for PCTs that show improvement and interventions for those that do not

The three elements – outcomes, competencies and governance

The three elements will be assessed in a number of ways including self-assessment, self-certification, feedback from partners, evidence gathering and review of data. PCTs will complete online templates and send some of their existing documentation electronically as part of the process.

SHAs will manage commissioning assurance locally and will be responsible for making sure PCTs have gathered the right information. DH will oversee the whole system and will publish national ratings from 2009/10.
Regulatory bodies such as the Healthcare Commission will continue to assess PCTs. Information from such assessments will feed into the governance assessment element of commissioning assurance.

Outcomes

“Outcomes reflect the overall improvement in the health and well-being of the population”

Through world-class commissioning, PCTs will align their strategic priorities with the main health outcomes that they will deliver for their population. These should concern long-term targets.

Overall, PCTs will have up to ten priority outcomes. To allow for national consistency, two of these outcomes – life expectancy and health inequalities – will be included for all PCTs. PCTs will choose up to eight local priority outcomes and these will be agreed with partners, patients and the public and clinicians. The locally chosen outcomes must reflect the PCTs strategic plan priorities. The outcomes chosen should be underpinned by reliable data to give a basis for tracking improvement.

PCTs will be provided with metrics (measures used to indicate progress or achievement) that quantify health and patient-reported outcomes and priorities. These metrics relate to the NHS Next Stage Review areas of care. PCTs will also be able to develop their own metrics where there is no national data, to enable them to measure improvement.

Improvement in outcomes will be a relative rather than an absolute assessment. For each PCT, a scorecard will be created to demonstrate current performance relative to the national average for each outcome, rate of improvement relative to the national improvement rate and key benchmarks including the SHA average. PCTs will also be shown their performance adjusted for health deprivation.

The assessment of outcomes will consider four areas:

- the fit of the outcomes with the strategic plan
- the PCT position relative to national performance and other PCTs
- improvement over time relative to the national improvement rate
- improvement against stretch targets, agreed between the PCT and the SHA.

Competencies

“Competencies reflect improvements in the PCT’s skills and behaviours as commissioners”

The competencies element of the commissioning assurance system focuses on how far the PCT has developed towards world class in each of the world-class commissioning competencies. These set out the knowledge, skills, behaviours and characteristics expected of world-class commissioners. There are 11 competencies, ten of which are assessed within the competencies element of the assurance system. The eleventh – ‘make sound financial investments’ – is assessed within the governance element.

For each of the ten competencies there are three indicators which will

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The 11 competencies:

1. locally lead the NHS
2. work with community partners
3. engage with public and patients
4. collaborate with clinicians
5. manage knowledge and assess needs
6. prioritise investment
7. stimulate the market
8. promote improvement and innovation
9. secure procurement skills
10. manage the local health system
11. make sound financial investments.
be used to assess them. These indicators reflect a summary of skills, processes and outputs, and focus on outputs where possible. Each indicator will be assessed against a four-point scale: level one, level two, level three, level four (with four being ‘world class’). The PCT will, therefore, have to meet all the criteria at level one to progress to level two, and will have met the criteria for levels one and two to progress to level three. An individual rating on the four point scale will be given for each competency.

An assessment of each competency will start with a self-assessment by the PCT. The self-assessment will be agreed by the full PCT board. The board should engage relevant staff in the process to ensure the assessment is accurate. The PCT will assess itself against each of the three indicators in the competency measures – thirty indicators in total. The SHA will then review key documents, along with metrics and results from surveys including the feedback survey and public perception survey.

The final rating for each competency will be reached through a combination of review of the self-assessment, review of evidence and interviews with the PCT board at the panel review day.

**Governance**

“Governance reflects the underlying grip that the board and the organisation have on their core business”

To deliver world-class commissioning, the whole board will need to take control of commissioning. All board members will need to understand their roles, have the skills they need and be empowered to act corporately and collectively.

The governance element of commissioning assurance focuses on whether the board has taken ownership of and developed a meaningful strategy supported by a robust financial plan. It looks at the five year strategic plan; and financial, organisation development and annual operating plans; as well as board controls and processes. It will consider historic performance and include a summary assessment of whether the organisation is meeting current operational targets as well as whether it is planning for the future.

Three components of governance will be considered – strategy, finance and board:

- **strategy** will consider vision and objectives; initiatives to ensure delivery of strategic objectives; consistency of financial plan with strategy; board challenge and ownership of the strategic plan; achievement of milestones to date
- **finance** will consider whether the PCT has a sustainable financial position; ongoing financial management; accuracy of planning
- **board** will consider board interaction; organisation; processes.

PCT boards will be responsible for providing a self-certification on each of these areas. The overriding objective of the board assessment is to understand the board’s grip on the organisation and its ownership and control of commissioning.

The individual ratings for each will appear on the scorecard and in the panel report (see below). Governance will be rated using a traffic light system, where green indicates no concerns and red indicates serious concerns. The assumption will be that PCTs are...
Potential for improvement
In addition to the PCT’s ratings for outcomes, competencies and governance, the final scorecard will include a section for potential for improvement. This will be a commentary of the PCT’s status and current direction of travel, and its development needs, focusing on organisational health.

As well as describing the stage the PCT has reached on its journey towards world class and the anticipated speed and direction of future development, it gives advice on what can be done to speed up improvement.

Commissioning assurance process – PCT preparation, panel preparation, panel day, calibration and follow-up

PCT preparation
Preparation by the PCT takes place in the period leading up to the panel day with final submission of all material by the end of October. The material for submission includes the strategic plan and its supporting plans. The PCT is required to complete self-assessment and self-certification, nominate partners to provide for feedback surveys and collate documentation. Submission of all material is through the assurance toolkit.

Panel preparation
Each SHA will supply an analyst to support the process of commissioning assurance. The analyst’s role is to create a briefing for the panel. This should be carried out with a senior lead from the SHA.

The briefing will benchmark the PCT against national indicators on outcomes, provide an analysis of the submitted information and suggest areas for discussion on the panel day.

Panel day
The panel days are the focal point of commissioning assurance, and will take place in November and December. They will be a discussion between the panel members and the PCT board. The panel members, informed by the panel briefing, will undertake structured interviews with members of the PCT board. This will be followed by feedback discussion including an assessment of the PCT and recommendations for continuing development.

Self-certification – the main considerations
- Is the board aligned across the key priorities for the PCT?
- Is the PCT developing talent and capabilities to support organisation development?
- Does the PCT have controls in place to know what is going on?

Who is on the review panel?
- A director from the local SHA
- Professional executive committee (PEC) chair or medical director from another PCT
- Director of adult services or director of children’s services from another PCT
- Executive director from an international organisation or another industry
- PCT chief executive from another SHA area.

Board members should expect to be asked about their self-assessment and self-certification, as well as the outcomes they have selected and the documents submitted. Discussions will cover outcomes, competencies and governance.

Following the panel review day, the PCT will receive a panel report which will include a scorecard indicating its ratings for outcomes, competencies and governance; a commentary on the PCT’s potential for improvement; and a reflection on the discussions from the panel review day.

green unless there is evidence or cause for concern.
PCTs will reflect on the process and panel feedback discussion to drive their own development, revising their organisational development plan and seeking resources and tools to support them to become world class.

What will ‘world class’ look like?

For 2009/10 a PCT will become ‘world class’ if it achieves:

- improvement in all the locally chosen health outcomes, with at least half of these showing above-average rates of improvement compared to the national average
- level three in all the competencies, with at least half of the competencies also rated at level four
- green in all three areas of governance
- an overall positive commentary on potential for improvement.

World class PCTs will be granted incentives, to be defined in the NHS Next Stage Review. However, where there is concern about the commissioning performance of PCTs, the SHA may intervene in ways.

Commissioning assurance is an integral part of the planning cycle for PCTs. The timings given here are the latest possible dates for the completion of documents and activities. Exact timings will vary across SHAs and will be communicated to PCTs by their SHA.

Source: Commissioning assurance handbook.

Figure 2. Timetable for commissioning assurance

World class PCTs will be granted incentives, to be defined in the NHS Next Stage Review

Calibration

Ratings will be regionally and nationally calibrated to ensure consistency. Nationally calibrated ratings for each PCT will be published from 2009/10.

Follow-up

The SHA and PCT will meet after the panel review day to discuss the panel’s recommendations, review the panel report and agree actions. This may include access to incentives for improving PCTs or, for underperforming PCTs, interventions. PCTs will reflect on the process and panel feedback discussion to drive their own development, revising their organisational development plan and seeking resources and tools to support them to become world class.
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described in Developing the NHS Performance Regime. Where a PCT fails to address serious or persistent underperformance over time, it may be publicly designated as ‘challenged’ and subject to intervention at board level.

**Board development**

Competency 1 of the world-class commissioning competencies states that in order to become world class, PCTs will need to be the local leaders of the NHS. PCT boards will be at the heart of this leadership challenge, ensuring that the PCT becomes a high-performing organisation with a clear long-term strategy to achieve improvements in health and well-being outcomes and reduce health inequalities.

PCT board development has been identified as a key priority as part of the world-class commissioning programme. The board development work will include four main strands:

1. publish a clear specification which PCTs can choose to use locally to procure a board development programme
2. put in place a framework of pre-qualified providers with known ability to deliver the board development specification – to be in place by the end of August 2008
3. work with the NHS Institute to review their current board development diagnostic tool and if necessary update this to fit more closely with world-class commissioning – to be completed by the end of August 2008
4. publish a clear statement of the role and constitution of a PCT board, along with a model of good practice to illustrate what an effective board looks like in the context of recent health reforms and the development of world-class commissioning – to be published in the summer of 2008.

The aim of the PCT board development programme is to ensure that the whole board is able to take control of the local commissioning agenda and that all board members understand their role, have the skills that they need to undertake this and are empowered to act corporately and collectively. The programme will support PCT boards to drive the PCT’s strategy forward and ensure that the board has a sound grip on the key issues facing the organisation. The programme will be tailored to individual PCT board requirements and will comprise a diagnostic element to assess the current performance of the whole board and a range of development support.

**PCT Network viewpoint**

There has been wide support from PCTs for the development of the world-class commissioning approach, and the way in which DH has worked with PCTs in its development. It brings a welcome focus on the crucial role of commissioning in driving innovation in health services and on delivering improvements in quality, health outcomes and reductions in health inequalities. The recognition of PCTs as local leaders of the NHS has also been welcomed, but there is understanding that this role for PCTs needs to be earned rather than awarded.

There is no doubt that the assurance process which has been designed for world-class commissioning will be robust and challenging. It will be at least as rigorous as the Monitor regime for foundation trusts. The first year of the assurance system will establish the baseline for PCTs and will reflect the historical investment there has been in commissioning. As with the foundation trust movement, we would expect only a handful of PCTs to be scoring above levels one or two on most of the world-class commissioning competencies at this stage. What will be important is for PCTs to demonstrate strong improvement over the next two or three years.
Programmes of support for PCTs to develop their commissioning capacity have been slow to develop, which is disappointing. But we would expect most PCTs to have started the process of planning their own development by now, and the range of support options available to them will undoubtedly increase significantly over the next few years. A number of PCTs have already started to work together to commission their own development programmes rather than solely rely on DH or SHA support. This is a trend which is also likely to grow.

We are confident that the vision for world-class commissioning, together with the assurance regime and the emerging development opportunities will lead to stronger and more effective commissioning by PCTs, which can only be good news for patients, the public and the wider NHS.

For more information on the issues covered in this Briefing, contact David.Stout@nhsconfed.org

Further information

Overview and resources for the world-class commissioning programme: www.dh.gov.uk/worldclasscommissioning

Commissioning assurance handbook

World-class commissioning assurance toolkit
www.wccassurance.dh.gov.uk/Pages/Public/Home.aspx

Developing the NHS Performance Regime

The PCT Network was established as part of the NHS Confederation to provide a distinct voice for PCTs. We work to raise the profile of the issues facing PCTs and to improve the influence of PCT members.

To find out more about the work of the PCT Network, visit www.nhsconfed.org/PCTs or email PCTNetwork@nhsconfed.org