

SOUTH STAFFORDSHIRE PCT BOARD

Date of Meeting: 10 October 2006

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ENCLOSURE NO: 18

SUBJECT:

FOR DECISION FOR DISCUSSION FOR INFORMATION

**SOUTH STAFFORDSHIRE PRIMARY CARE TRUST
OVERVIEW OF WAVE THREE FITNESS FOR PURPOSE PROGRAMME**

1.0 Introduction

Commissioning a Patient Led NHS (CPLNHS) saw the reconfiguration of PCTs as the first stage in delivering a robust infrastructure from which to strengthen the commissioning function of PCTs. Stage two of CPLNHS focuses on ensuring PCTs are fit for purpose. South Staffordshire PCT is part of the wave 3 Fitness for Purpose review commencing this month. The aim of this report is to provide an overview of the Fitness for Purpose programme and the key milestones for South Staffordshire PCT.

2.0 Background

The Fitness for Purpose process has been designed to support the reconfiguration of PCTs and is being rolled out in the following three waves:

- **Wave 1** included North West England, West Midlands and part of London. This ended June 2006.
- **Wave 2** mopped up the remaining unconfigured PCTs and started at the end of June 2006, now completed
- **Wave 3** includes all reconfigured PCTs. However, due to the large number of reconfigured PCTs, this final wave will be in two phases with Wave 3 starting

October 2006 and Wave 3a starting January 2006. South Staffordshire PCT is in Wave 3.

3.0 The Aims of the Fitness for Purpose Programme

The fitness for purpose reviews will determine how well prepared each of the new PCTs is to perform its commissioning role effectively by carrying out:

- **An organisational assessment** of the risk of the PCT failing to meet its objectives using tools that evaluate PCT outcomes in the critical areas of finance, operating framework, strategy, governance, relationship management and emergency planning. This approach is similar to the FT diagnostic programme.
- **Commissioning capability diagnostic tool** which allows PCTs to be benchmarked against best practice commissioning, identifies gaps in current capabilities and produces a high level development plan

The assessment and diagnostic tools being used in the reviews have been designed on behalf of the Department of Health by the management consultancy McKinsey & Co, with organisations such as the Healthcare Commission, Commission for Social Care Inspections and Audit Commission playing an important role in helping to shape the content and process.

4.0 Preparation for Wave 3

This programme is a very intensive process for PCTs and the SHA. The main points to consider in preparing are:

- To identify as early as possible a Project lead. The lead for South Staffordshire PCT is Elaine Evers (Elaine supported the SHA team in its review of one of the Wave 2 PCTs). A dedicated finance lead to support the completion of the financial templates is also required.
- The PCT should not underestimate the time requirement involved.
- It is crucial that the Director of Finance agrees and understands fully the information provided to the SHA team and McKinsey's. If not - this will soon become apparent.
- There is no place to hide – this will be a deep dive into the financial and commissioning position of the PCT.
- The SHA team will research and test assumptions and forecasts.
- The SHA team will also interview stakeholders and GPs
- The results of the assessment ratings will be addressed in Board to Board meetings

5.0 Participants in this Process

The process is performed by:

- PCT representatives
- External examiners (diagnosticians) from other PCTs
- SHA representatives supported by McKinsey and Co.
- Plus co-operation from stakeholders

6.0 Examples of Areas that will be Tested

Summarised below are a few examples of common areas that will be tested as part of this process:

- How sustainable and affordable are commissioning and financial strategies
- Robustness of the PCT financial position for the current year and following two financial years
- Leadership and is it effective
- Robustness of demand management schemes
- Value for money and financial governance
- Getting the basics right, for example are all SLAs formally signed-off
- Understanding the market/changing environment
- Internal and external relationships
- Interface with PCT provider arm
- Capital investments

7.0 Timetable for Wave 3

A summary of the key dates for Wave 3 PCTs is shown below. The timetable will be confirmed to the relevant Chief Executives by the end of this week.

Key Dates for PCT	Deliverables
5 Oct	SHA Briefing Session for PCT finance and commissioning staff
17 & 18 Oct	Department of Health Training for SHA and PCT leads
3 Nov	<ul style="list-style-type: none">• Submission of financial templates• Diagnostic Interviews• Non financial assessment – first draft
3 to 13 Nov	Interviews & assessment revisions
14 to 22 Nov	Confirm & Challenge meetings
From 6 Dec	Meeting with each PCT CEO
From 14 Dec	PCT Board meets with SHA Board

8.0 Benchmarking

At week four of this process the SHA will produce benchmarking information comparing the PCT with PCTs that have been through Waves 1 and 2. Examples of the areas benchmarked include:

- Income recurring
- Income non-recurring
- Primary care commissioning
- Secondary care commissioning
- Mental health
- Community and intermediate care

- Mental health
- Direct provision

9.0 Confirm and Challenge Meetings

These meetings are key milestones in the process and as shown in the timetable above are held mid way through this process. It is usual for two confirm and challenge meetings to take place. The main aims of these sessions are to:

- Challenge key assumptions in the assessment
- Benchmark with waves 1 and 2 PCTs
- Provide insights from diagnostic
- Identify and resolve obvious anomalies and raise specific issues
- Support the PCT to achieve most robust diagnostic possible
- Agree next steps

10.0 Board to Board Meetings

The Wave 3 process will take eight to ten weeks maximum, culminating in at Board to Board meeting with the SHA Board. The PCT will be required to give a presentation and answer questions on the findings of the programme. The SHA will agree the action required by the PCT at that meeting.

11.0 Overall Output

The overall output from the programme will be separated into the assessment and diagnostic elements of the process.

11.1 Outputs from Organisational Assessment

For the assessment part of this process, the overall output will be used to support a development plan for the PCT. This will be sharply focused on the areas where improvement is needed. A traffic light system is used and if rated red an action plan is required to address potential failure and mitigate risks. An action plan is also needed if rated amber. Traffic light ratings will be produced for the financial assessment based on two strands:

- achievement of plan in 2004/05 and 2005/06; and
- future performance based on 2006/07 and 2007/08

Assessment ratings on a traffic light basis will also be produced for:

- Operational framework
- Governance
- Strategy
- Relationship Management
- Emergency planning

11.2 Outputs from Commissioning Diagnostic

For the diagnostic element, comparators will be produced based on good practice. This includes areas such as:

- Strategic planning
- Patient and public involvement
- Engagement with local authorities
- Care pathway management strategies
- Engagement with clinicians
- Practice Based Commissioning
- Social care
- Clinical processes
- Patient satisfaction; and
- Contingency planning

12.0 Board Development Tool

The NHS Institute has redesigned the self assessment tool for Chairs and Boards used in the FT diagnostic process for use by PCTs. It rates the Boards performance against five domains:

- Focus on core business
- Trust and support
- Contribution and execution
- Engagement with stakeholders; and
- Leadership of the Board

This will compare performance with similar PCTs and provides detailed feedback and will generally be applied during the process of the PCTs fitness for purpose assessment and a summary of it used in the Board to Board feedback.

13.0 PCT Development Programme

Developing commissioners at a pace is one of the key priorities for the NHS Institute for Improvement and Innovation during 2006/07. The West Midlands SHA is currently scheduling dates for this with PCTs from Waves 1 and 2. This will be a comprehensive development programme covering areas such as demand management, clinical and local engagement, governance and relationships and analysing need. South Staffordshire PCT can expect to benefit from a development programme after completion of Wave 3.

14.0 Summary

The Fitness for Purpose programme is an intensive eight to ten week process. As previously stated the time and commitment required cannot be underestimated. However the timing of this review is important, as the outputs and the development plan will provide the new South Staffordshire PCT with invaluable information to ensure it becomes a Fit for Purpose PCT at an early stage of its development.