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NHS

PCT Board Development Framework

Specification

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Description	The purpose of this document is to provide a specification which PCTs can choose to use locally to procure a board development programme. The purpose of the programme is to ensure that the whole PCT board has the behaviours, knowledge and skills to drive forward its commissioning agenda and is empowered to act corporately and collectively.
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For Recipient's Use	

Department of Health
PCT Board Development Framework

Specification

1. Background

Primary Care Trust (PCT) board development has been identified as a key priority as part of the Department of Health's world class commissioning programme. Following discussion with the ten Strategic Health Authorities (SHAs), the Department of Health (DH) has committed to leading this work at a national level. The board development work will include four main strands:

a) Publish a clear specification **(this document)** which PCTs can choose to use locally (and with other PCTs) to procure a board development programme – by the end of May
b) Put in place a framework of pre-qualified providers with known ability to deliver the board development specification – by the end of August
c) Work with the NHS Institute for Innovation and Improvement to review their current PCT board development diagnostic tool[1] and if necessary update this to fit more closely with world class commissioning - by the end of August
d) Publish a clear statement on the role and constitution of a PCT board, along with a model of good practice - in the summer

2. Purpose of this document

The purpose of this document is to fulfil part (a) of the four strands outlined above, providing PCTs with a specification that can be used at a local level to procure board development support. The specification will also be used as the basis for the national board development framework (part (b) above); the framework of pre-qualified providers will be available by the end of August[2].

3. Strategic context and policy issues

What we mean by 'commissioning' in the NHS

The primary role of PCTs is to commission services on behalf of their local population. Commissioning is the means by which we secure the best value for patients and taxpayers. By 'best value' we mean:

- the best possible health outcomes, including reduced health inequalities
- the best possible healthcare
- within the resources made available by the taxpayer

[1] Available on the NHS Institute website at http://www.institute.nhs.uk/wcc
[2] Further details are available on the DH website at http://www.dh.gov.uk/en/Managingyourorganisation/Commissioning/Worldclasscommissioning/Supportanddevelopment/DH_084999

Commissioning – the policy context

DH signalled a shift in focus towards commissioning, initially through the publication of *Commissioning a Patient-Led NHS*[3], published in July 2005. The document stated that the NHS should be moving from a provider-driven service to a commissioning-driven one.

Health Reform in England[4], published in December 2005, described the different reforms that are being made to the healthcare system and explained how they are expected to interact. The document reinforced the importance of good commissioning in achieving services that meet the needs of the local population whilst also obtaining value for money.

Health reform in England: update & commissioning framework[5], published in July 2006, provides a detailed framework for commissioning. The framework includes policy and implementation guidance on commissioning and practice based commissioning (PBC) and expectations of how PCTs, GPs and health and social care commissioners will work together.

To deliver the improvements signalled in the NHS *Next Stage Review*, there is an urgent need to build capacity for commissioning in the NHS. The Fitness for Purpose exercise (May 2006 – March 2007) and a joint DH and Prime Minister's Delivery Unit review of commissioning capability in May 2007 demonstrated significant weaknesses around PCT commissioning. The review findings and recommendations have informed the development of the world class commissioning programme.

World class commissioning

The world class commissioning programme will transform the way health and care services are commissioned. World class commissioning will deliver a more strategic and long-term approach to commissioning services, with a clear focus on delivering improved health outcomes.

There are four key elements to the programme; a vision for world class commissioning, a set of organisational competencies for world class commissioning, an assurance system and support and development resources[6].

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[3] Available on the DH website at http://www.dh.gov.uk/PublicationsAndStatistics/Publications/PublicationsPolicyAndGuidance/PublicationsPolicyAndGuidanceArticle/fs/en?CONTENT_ID=4116716&chk=/%2Bb2QD

[4] Available on the DH website at http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4124723

[5] Available on the DH website at http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4137226

[6] Further details on each of these four strands are available on the DH website at http://www.dh.gov.uk/worldclasscommissioning

a) *Vision*

In December 2007, the Department of Health, together with the NHS, launched the vision for world class commissioning[7]. The vision outlines what it means to be world class and how world class commissioning will impact population health and well-being.

It is a shared vision, which has been developed jointly by DH and wider health and care community. It will be delivered by the NHS at a local level. In summary:

> World class commissioning will deliver better health and well-being for all:
> - People will live healthier and longer lives
> - Health inequalities will be dramatically reduced.
>
> It will deliver better care for all:
> - Services will be evidence-based and of the best quality
> - People will have choice and control over the services that they use, so they become more personalised.
>
> It will deliver better value for all:
> - Investment decisions will be made in an informed and considered way, ensuring that improvements are delivered within available resources
> - PCTs will work with others to optimise effective care.

b) *Competencies*

To become world class, commissioners will need to develop the knowledge, skills, behaviour and characteristics of a world class organisation. They will do this by developing a set of core organisational competencies.

A set of eleven core organisational competencies for world class commissioning have been published[8], a number of which have specific relevance to local leadership and the role of the board. The competency document states that world class commissioners will:

- locally lead the NHS
- work with community partners
- engage with public and patients
- collaborate with clinicians
- manage knowledge and assess needs

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[7] Available on the DH website at http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_080956

[8] Available on the DH website at http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_080958

- prioritise investment
- stimulate the market
- promote improvement and innovation
- secure procurement skills
- manage the local health system
- make sound financial investments

c) *Assurance system*
The delivery of the world class commissioning vision and competencies will take place within a commissioning assurance system. This will drive peformance and development, and reward PCTs as they move towards world class. The assurance system will be launched in June 2008.

The assurance system for world class commissioning will be one national system, managed by the SHAs. The aim is to create a consistent assurance system, manageable within an annual cycle, to review PCT progress towards world class commissioning. The assurance system has three elements: health outcomes, competencies and governance.

Data to support the assurance process will include a combination of metrics, evidence gathering, 360-degree feedback and self certification. The assurance process will culminate in a panel review day in each PCT where the panel will complete a number of structured interview sessions to provide an assessment of the PCT's capabilities and feedback on areas for development.

PCT boards will be assessed through the panel review, which will look at all three components of the assurance system: health outcomes, competencies and governance. The panel review will also include separate interviews with the Chief Executive and Chair. The role of the board will be specifically assessed through the governance element of the assurance system, and will include board self-certification.

d) *Support and development*
Support and development is about giving PCTs access to the tools they need to drive improvements, either by sharing services and good practice, developing internal resources, or buying in external expertise, for example through the Framework for procuring External Support for Commissioners (FESC).

SHAs will take responsibility for support and development of PCTs to achieve world class commissioning, and where appropriate will create programmes to meet local needs. Development will therefore be self managed by PCTs or directed by SHAs.

Although the majority of support and development available to PCTs will be managed at a local level, there will be some areas that would benefit from a nationally consistent approach. Board development is one of these areas, and DH has been asked by the SHAs to lead this work at a national level.

The broader leadership landscape
The quality of leadership can make the single biggest difference as to whether organisations are high performing or not. DH are working to introduce standards, policies, incentives and a culture for improving and inspiring leadership across the health sector in order to support the consistent delivery of high quality patient care.

Lord Darzi's NHS Next Stage Review has included a specific focus on NHS leadership. The interim review identified a clear collective and personal leadership role for boards[9].

Improvements in NHS leadership are being developed via three overarching proposals:

- Encourage excellent leadership across healthcare and the local leadership of change
- Invest in leadership capacity to ensure that we become 'spoilt for choice' with healthcare leaders across England
- Create rigour and scale in the development of leadership capability

The PCT board development framework falls under the third of these strands. The board development framework will complement an existing leadership development framework that was set up in November 2007 to help build sustainable leadership capability amongst Director-level staff across the NHS.

The role of PCT boards in leading change
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.

As part of the world class commissioning assurance system, PCTs will be assessed against the extent to which they have:

- achieved their priority health outcomes;
- developed the eleven organisational competencies;
- and demonstrated sound governance, including board alignment and control.

The PCT board will need to have a sound grip on each of these areas, and demonstrate ownership and control of their local commissioning agenda.

In the summer, DH will be publishing a clear statement of the role and constitution of a PCT board, along with a model of good practice to illustrate

[9] The NHS Next Stage Review interim report is available at www.ournhs.nhs.uk

what an effective board looks like in the context of recent health reforms and the development of world class commissioning.

Issues facing PCT boards

In addition to the demands of progressing towards world class commissioner status, PCTs may be facing a number of broader challenges. Many PCTs have been recently reconfigured, and so are likely to have relatively new boards that are still developing together. In addition, many PCTs are in the process of splitting their commissioner and provider functions, and ensuring that appropriate governance arrangements are in place. Where appropriate, the board development programme should support boards with both of these issues.

4. PCT board development programme specification

This section sets out the details of the board development programme, including the aims, approach and indicative content. Board development support will be compelling not compulsory and it will be up to individual PCTs to decide how to meet their own local needs.

Programme aims

- The aim of the PCT board development programme is to ensure that the whole board is able to take control of their 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.

Focus

- The programme will be tailored to individual PCT board requirements and include sufficient stretch to ensure that boards can continually improve.
- The board development programme will provide development support for the whole board, including both executive, non executive and clinical members.
- In addition, the programme will include modules aimed at specific members of the board, e.g. the Chair and Chief Executive.

Style

- The board development programme should be both challenging and developmental. Boards should be encouraged to critically assess their current approach and identify specific development needs.

Approach

- The approach used by the development programme provider should be strongly founded on adult learning principles, drawing from existing

evidence about effective practice in this field. The approach will be underpinned by appropriate knowledge and evidence base.

- The programme should take an innovative and creative approach to delivery and exceed the specification set out here.
- The programme should also build on current best practice that exists in the NHS and other sectors. Specific examples that should be considered include IDeA's leadership development programme and peer review[10], and Monitor's work on the Code of Governance for Foundation Trusts and the use of a board-to-board approach[11].
- Existing evidence suggests that an experiential approach is the most effective way of delivering this kind of development support. This preference for an experiential approach is backed up by feedback from PCT board members. The development programme should therefore make use of techniques such as simulation, observation of real time (including public meetings), videos/actors, board-to-board, 360-degree feedback, and coaching. Providers will need to decide through discussion with the individual PCT which of these approaches will be most appropriate.
- In addition to experiential interventions, providers will need to consider what other forms of development support should be provided, taking into account different learning styles/needs.

Indicative content

The PCT board development programme will comprise two main elements: a diagnostic and a mix of development offerings.

Diagnostic

- The PCT board diagnostic should assess the current performance of the whole board. There is potential for the NHS Institute board development tool[12] to be used as a basis for this assessment.
- The diagnostic should take account of any findings from the commissioning assurance assessment that PCTs will undertake.
- The diagnostic process should include a board skills analysis, including an assessment of the skills of individual board members and identification of any potential gaps of the collective whole board.
- The diagnostic process should highlight the board's developmental needs against an appropriate best practice model. Good practice examples can be drawn from Dr Foster's Intelligent Commissioning Board[13], the Institute for Healthcare Improvement's *Boards on Board* programme[14] and the Combined Code on Corporate Governance for listed companies[15]. The Department of Health will be publishing a guide on what 'world class' means for PCT boards in the summer.
- The diagnostic process should be objective, challenging and compelling and enable boards to make an honest assessment of their performance

[10] Information available on the IDeA website at http://www.idea.gov.uk
[11] Information available on the Monitor website at http://www.monitor-nhsft.gov.uk/
[12] Available on the NHS Institute website at http://www.institute.nhs.uk/wcc
[13] Available at http://www.drfoster.co.uk/library/localDocuments/IntellCommBoardJuly2006.pdf
[14] Information available at http://www.ihi.org/IHI/Programs/Campaign/BoardsonBoard.htm
[15] Information available at http://www.frc.org.uk/corporate/combinedcode.cfm

against the agreed model. It should be undertaken within a safe and confidential environment, where the focus is explicitly on development and support, but also within the backdrop of the incentives and consequences of the commissioning assurance system.

Development support

- The development offerings will need to be tailored to the specific needs of the PCT. As such, there will not be one generic programme that is applied to all PCTs. The programme will need to include an element of “pick and mix”, whereby PCTs can choose from a range of freestanding modules. This will ensure that PCTs can create a bespoke development programme that is tailored to their specific needs. Board development providers may specify if modules should be compulsory.
- Any development modules that form part of the programme are likely to include elements of development support focusing on behaviours, knowledge, and skills (see below for details). The overall emphasis of the programme is likely to be on board behaviours.
- Most modules will be aimed at the whole board, although some may be targeted at specific board members (e.g. Chairs and Chief Executives).
- The ideas for modules set out below are by no means definitive, but are meant to provide indicative programme content:

Behaviours

- Promoting high-performing board behaviours - this might include:
  - Enabling constructive challenge and an even contribution from all executive and non executive directors in debate within a supportive and facilitative board culture
  - Ensuring a corporate approach towards board-owned objectives, and a transparent and open decision-making process
  - Developing a culture of continuous improvement and innovation
  - An understanding of NHS core values and behaviours
- The programme might include specific modules for individual board members such as Chairs and Chief Executives, reinforcing their specific roles and behaviours
- The programme should also consider the distinctive as well as common needs of different board members; executive directors, non executive directors and clinicians

Knowledge

- The role of the board as a whole and the individual members within it; an understanding of what a world class PCT board would look like
- The context of world class commissioning
- Corporate governance, e.g. distinctions between public and private meetings, quality of paperwork, voting arrangements, underpinning structures (e.g. ensuring appropriate clinical and public engagement), conflict of interest policies, prioritisation and risk management and overall board discipline
- Provider service transition, including an overview of different approaches and case studies

Skills

- Technical skills for the whole board to help strengthen awareness, understanding and ability to constructively challenge, particularly on strategy, risk, market management, procurement, contract management, clinical and financial issues
- Stakeholder engagement with the public and patients; communication across communities and managing diversity; reputation management and media handling
- Strategic planning and priority setting
- Performance and information management for appropriate decision-making

Outcomes required

- The board development programme should enhance PCT boards' effectiveness in order to achieve world class commissioning. Participation in the programme should be reflected in a subsequent improvement in the PCT's assessment through the assurance system. This should be demonstrated both through an improvement in the PCT's governance rating as part of the assurance system, an improvement in the levels achieved in the competency assessment (particularly in the competencies relating to leadership and partnership) but also in the longer term through an improvement in health outcomes.
- Providers should be learning organisations and must demonstrate continuous improvement in the delivery of the programme.

Time commitment

- The programme should involve an on-going process of development (which may involve intensive activity over the course of 9-12 months and continue beyond a year) rather than a one-off intervention.
- Providers should bear in mind that both executive and non executive members of the board will have limited time to engage in developmental activities. Bids should reflect this issue and ensure that best use is made of board members' time.

5. Provider assessment

Assessment of potential development programme providers might include:

- Knowledge of the NHS context, including PCT challenges, world class commissioning, an understanding of the assurance system
- An understanding of the specific challenges facing NHS commissioning boards, e.g. splitting commissioner and provider functions
- A proven track record, with extensive experience of providing development support for boards
- A clear understanding of existing best practice and evidence-based interventions in this field drawing on the best in the NHS, and other public and commercial fields
- Demonstration of innovative approaches to delivery of the programme and proposals which go beyond the requirement set out here

- Where appropriate, capacity to undertake sufficiently large-scale national or regional programmes
- Good value for money and affordability

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