

worldclasscommissioning



Competencies

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Introduction

Commissioning competencies are the knowledge, skills, behaviours and characteristics that underpin effective commissioning. When put into practice they become capabilities. World class commissioners will secure effective strategic capacity and capability to turn competence into excellence, transforming people’s health and well-being outcomes at the local level, while reducing health inequalities and promoting inclusion.

Competencies can be defined, taught, learned, put into practice, tested, observed and quality assured, but they are not an end in themselves. World class commissioners will also display visionary, inspiring leadership. The workforce will be motivated and fully engaged with local people and communities, aware of their needs, addressing them in the most effective ways.

World class commissioners are central to a self-improving NHS.

Commissioning competencies are the platform for a commissioning organisation’s development programme. They assist boards, executive teams and clinical teams in working together, building and shaping organisations, so that PCTs are clearly recognised and respected by local people and partners as leaders in the development of local health services.

The core task for primary care trusts (PCTs) is to invest locally to achieve the greatest health gains and reductions in health inequalities, at best value for current and future service users. The competencies required to achieve this will change with time, becoming more stretching and challenging. Already some organisations will in part be operating at world class levels, defining future achievement and aspiration that will further stretch required competencies.

World class commissioners are central to a self-improving NHS. They will operate as learning organisations, seeking and sharing knowledge and skills. World class commissioners will also be stimulating provider and clinical innovation through improvements in experienced quality, access and outcomes.

Commissioning competencies are described by a series of 11 headlines. These require that commissioners:

1. Are recognised as the local leader of the NHS
2. Work collaboratively with community partners to commission services that optimise health gains and reductions in health inequalities
3. Proactively seek and build continuous and meaningful engagement with the public and patients, to shape services and improve health
4. Lead continuous and meaningful engagement with clinicians to inform strategy, and drive quality, service design and resource utilisation
5. Manage knowledge and undertake robust and regular needs assessments that establish a full understanding of current and future local health needs and requirements
6. Prioritise investment according to local needs, service requirements and the values of the NHS
7. Effectively stimulate the market to meet demand and secure required clinical, and health and well-being outcomes
8. Promote and specify continuous improvements in quality and outcomes through clinical and provider innovation and configuration
9. Secure procurement skills that ensure robust and viable contracts
10. Effectively manage systems and work in partnership with providers to ensure contract compliance and continuous improvements in quality and outcomes
11. Make sound financial investments to ensure sustainable development and value for money

Each competency has sub-components that require further detailed description and analysis. Locally, commissioners will need to engage with development and training organisations to improve capability by agreeing and securing what is needed at an organisational and individual level.

Since commissioning competencies can be taught, there is a role for educational establishments, improvement agencies and established commissioners from other public, private and voluntary sector organisations in the teaching, training and developmental process. Commissioning competencies should feature in the personal developmental goals of individuals, so that collectively individuals and the organisations in which they work cover the full required competence span.

Some elements of commissioning (but not final accountability) will be devolved to third parties. Examples would be through practice based commissioning (PBC) agreements, where consortia of primary care practitioners act on behalf of the PCTs, and Specialised Commissioning Groups (SCGs) where PCTs come together at strategic health authority level to collectively commission specialised services, or sub-contracted commissioning support services provided by accredited private sector organisations, such as through the framework for securing external support for commissioners (FESC).

In England, PCTs are the local NHS commissioners. They consult and work collaboratively with a variety of partners within and outside the NHS, but are ultimately accountable for commissioning decisions, the budget, and health, well-being and clinical outcomes. They have to be able to publish a credible account of effectiveness, efficiency and equity.

World class commissioners also display visionary leadership.

Commissioning is essentially transformational, and not just transactional. It incorporates “contracting” and “procurement” but only as mechanisms for achieving the higher commissioning objectives. World class commissioners also display visionary leadership and operate with tact, assertiveness and skill. They draw legitimacy from being seen to be engaged with communities, with service providers and with partner agencies drawing complementary views into a credible and coherent plan to which all sign up – putting the “mission” into commissioning.

Increasingly commissioners will be locally perceived as investors; that is, they commission to achieve the greatest health gains, return on investment and reduction in inequalities at best value. The process is often referred to as “commissioning for improved outcomes”, and in this context PCTs may have to consider their investment role in three different outcomes. These are improvements in:

- clinical and care outcomes (the results of medical and social interventions), for example clinically effective care pathways
- health outcomes – health gains for specific or general communities through service improvement or redesign (this includes promoting people’s independence, reducing inequalities and promoting social inclusion)
- community outcomes (these may not relate directly to PCT activity but could result in another part of the system improving, for instance through a regeneration programme, in ways that enable clinical or health gains).

Commissioners stimulate provider innovation and efficiency.

PCTs will wish to consider how partnerships with other commissioners optimally improve individual and community clinical or health gains. They will also need to ensure that commissioning is not characterised by cost and volume, but increasingly through specifications that support quality and outcomes.

World class commissioners are not risk averse. They are the local innovators and entrepreneurs who, in partnership with clinicians and providers, are prepared to experiment where the potential benefits justify the risks. This is supported through extensive horizon scanning, and always within a framework of evaluation and shared learning. By commissioning and specifying for outcomes, commissioners stimulate provider innovation and efficiency, thereby transforming, rather than merely transacting for, local health and well-being outcomes.

World class commissioners will adhere to the standards for conduct – selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

World class financial management and a stable local financial economy are the essential prerequisites for ongoing service investment in improvement and modernisation. World class commissioners will secure a financial environment that local authority, current and potential providers can invest and operate within, maximising potential to increase choice and innovation.

World class commissioners will adhere to the standards for conduct in public life as outlined in the First Report of the Committee on Standards in Public Life (HMSO,

January 2005), namely: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Understanding local community needs, engaging in a dynamic dialogue with local citizens, balancing and agreeing priorities, they will have respect and trust as local leaders of the NHS.

1. Locally lead the NHS

Recognised as the local leader of the NHS

Why do PCTs need this competency in order to become world class commissioners?

PCTs should lead and steer the local health agenda in their community. PCTs will be the natural first stop for local political and community leaders. Through partnership, they seek and stimulate discussion on NHS and wider community health matters.

What are the sub-components of this competency?

Skills

- Listens to partner NHS organisations and other providers
- Signals future priorities of the local NHS
- Has good presentation and influencing skills, for example in reputation management
- Has good organisational development skills

Processes and knowledge requirements

The PCT

- Is clearly and visibly recognised and sought as the leader of the local NHS and is respected by its community and business partners as the primary source of credible, timely and authoritative advice on all matters relating to the NHS
- Is able to articulate the values of the NHS – fair, personal, effective and safe – and applies them to its strategic planning and decision making
- Is skilled in a variety of public, community and patient engagement and involvement methods and communicates the local NHS priorities to diverse groups of people
- Understands the strengths and weaknesses of local NHS organisations, including practice based commissioners, and develops their competence and capabilities
- Understands the commissioning requirements of other PCTs when entering into lead commissioner arrangements, and effectively manages contracts on their behalf

Example outputs

- Clear communications policy and ability to respond to individual, organisational and media enquiries regarding the local NHS
- Regular commentary in reports, findings, commissioning plans and other communications as to how it has consulted on issues and intends to represent the wider NHS community
- Interaction with all local NHS organisations, assuring, developing, and promoting their functions
- Board with a clear understanding of reputation management as well as effective stakeholder management

2. Work with community partners

Work collaboratively with community partners to commission services that optimise health gains and reductions in health inequalities

Why do PCTs need this competency in order to become world class commissioners?

PCTs should not commission in isolation. In addition to commissioning healthcare services, they will need to consider the wider determinants of health and the role of other partners in improving the health outcomes of their local population. PCTs also share responsibility for undertaking a joint strategic needs assessment (JSNA) with local authorities. Partners include local government, other PCTs, healthcare providers, third sector organisations and clinical partners such as practice based commissioners and specialist consortia. Working collaboratively with partners, PCTs will stimulate innovation, efficiency and better service design, increasing the impact of the services they commission to optimise health gains and reductions in health inequalities.

What are the sub-components of this competency?

Skills

- Development of partnership agreements
- Database management
- Partner relations skills: enquiry response; feedback evaluation; website management; performance advice; data quality assurance; accountancy; spreadsheets
- Presentation and influencing skills

Processes and knowledge requirements

The PCT

- Proactively seeks partnership with appropriate agencies, both within health and beyond, using defined legal agreements and frameworks
- Creates formal and informal partnering arrangements as appropriate to different relationships
- Has up-to-date knowledge of the strengths and weaknesses of the commissioning community in which it operates, identifying key local participants and potential partners (both statutory and non-statutory) to optimise improvements in outcomes
- Advises and develops local partner commissioning capabilities where there will be a direct impact on joint commissioning goals
- Shares across the local community its ambition for health improvement, innovation, and preventative measures to improve well-being and tackle inequalities
- Influences partner commissioning strategies, reflecting NHS core values
- Uses the skills and knowledge of partners, including clinicians, to inform commissioning intentions in all areas of activity
- Actively shares relevant information so that informed decisions can be made across the commissioning community

- Monitors and evaluates the effectiveness of partnerships

Example outputs

- Full engagement locally through effective and innovative local strategic partnerships and workforce planning processes
- Robust and aligned local area agreements informed by JSNAs
- Evidence of collaboration with other commissioning agencies, optimising cost efficiency through shared service arrangements, such as joint commissioning plans, shared monitoring arrangements and single audit systems
- Open and effective shared knowledge and information processes which maximise use of local community intelligence and engagement

3. Engage with public and patients

Proactively seek and build continuous and meaningful engagement with the public and patients, to shape services and improve health

Why do PCTs need this competency in order to become world class commissioners?

PCTs are responsible through the commissioning process for investing public funds on behalf of their patients and communities. In order to make commissioning decisions that reflect the needs, priorities and aspirations of the local population, PCTs will have to engage the public in a variety of ways, openly and honestly. They will need to be proactive in seeking out the views and experiences of the public, patients, their carers and other stakeholders, especially those least able to act as advocates for themselves.

What are the sub-components of this competency?

Skills

- Proactive listening and communication skills to address the needs of all relevant stakeholders, including using third sector and community partners to seek and engage the voice of those who are seldom heard
- Patient and public relations skills: enquiry response; engagement event management; feedback evaluation; website management; survey management; report-back mechanisms in appropriate formats
- Presentation and influencing skills

Processes and knowledge requirements

The PCT

- Routinely ensures that patients and the public can share their experiences of health and care services and uses this to inform commissioning
- Has a deep understanding of different engagement options, including the opportunities, strengths, weaknesses and risks
- Routinely invites patients and the public to respond to and comment on issues in order to influence commissioning decisions and to ensure that services are convenient and effective
- Ensures that patients and the public understand how their views will be used, which decisions they will be involved in, when decisions will be made, and how they can influence the process, and publicises the ways in which public input has influenced decisions
- Proactively challenges and, through active dialogue, raises local health aspirations to address local health inequalities and promote social inclusion
- Creates a trusting relationship with patients and the public, and is seen as an effective advocate and decision maker on health requirements
- Communicates its vision, key local priorities and delivery objectives to patients and the public, clarifying its role as the local leader of the NHS

- Responds in an appropriate and timely manner to individual, organisational and media enquiries
- Undertakes assessments and seeks feedback to ensure that the public's experience of engagement has been appropriate and not tokenistic

Example outputs

- A PCT prospectus that meets national and local requirements
- A clear and well-managed public information strategy and the use of social marketing techniques
- Training available for all staff in appropriate techniques, including media handling
- Evidence of PCT engagement with communities and representative bodies, such as Local Involvement Networks, practice patient participation groups, disease-specific patient groups and relevant third sector organisations
- The publication of health and well-being educational material specific to local health needs and aspirations
- Evidence of engaging hard-to-reach groups, such as through the Healthcare Commission's 'Data quality on ethnic groups' indicator
- Patient and public survey data and evidence of its impact on commissioning activity
- Local community profiles that proactively identify and seek out communities that experience the worst health outcomes, and through dialogue and engagement raise local health aspirations

4. Collaborate with clinicians

Lead continuous and meaningful engagement with clinicians to inform strategy, and drive quality, service design and resource utilisation

Why do PCTs need this competency in order to become world class commissioners?

Clinical leadership and involvement is a critical and integral part of the commissioning process. Clinicians are best placed to advise and lead on issues relating to clinical quality and effectiveness. They are the local care pathway experts who work closely with local people and understand clinical needs. PCTs should ensure that, through the involvement of clinicians in strategic planning and service design, commissioned services build on the current evidence base, maximise local care pathways and utilise resources effectively. Professional Executive Committees (PECs) have a crucial role to play in building and strengthening clinical leadership in the strategic commissioning process. PBC is a key methodology to drive innovative and transformational change.

What are the sub-components of this competency?

Skills

- Clinical relations skills: engagement strategies; relationship building; network design; feedback evaluation; website and intranet management; survey management
- Effective presentation and influencing skills of PEC members
- Operational and project management skills to implement new ways of working

Processes and knowledge requirements

The PCT

- Encourages broad clinical engagement through appropriate and meaningful devolution of commissioning decisions, including maximising clinical impact through the development of PBC
- Engages and utilises the skills and knowledge of clinicians to inform commissioning intentions in all areas of activity, including setting strategic direction and formulating commissioning decisions
- Builds and supports broad clinical networks, including across provider boundaries, to facilitate constructive multi-disciplinary input into pathway and service design
- Builds and supports informed clinical reference groups, such as PECs, ensuring that clinicians and practice based commissioners have full and timely access to information, enabling local commissioning decisions to be made
- Builds and supports clinical engagement in strategic decision making and assures clinical governance structures via PECs
- Oversees and supports PBC decisions to ensure effective resource utilisation, reducing health inequalities and transforming service delivery

- Works with clinical colleagues, such as PECs, along care pathways to spread best practice and rigorous standards to hold clinicians to account
- Works in partnership with clinicians along care pathways in commissioner and provider organisations to facilitate and harness front-line innovation and drive continuous quality improvement

Example outputs

- Evidence of developed mechanisms for clinical engagement, such as lists and local awareness of formal and informal opportunities, terms of reference for relevant committees, board papers, and clear frameworks for assessing PBC plans and business cases
- Evidence of appropriate and timely information dissemination, such as correspondence and communication protocols
- Strong whole-community clinical networks, led by a well-functioning PEC that proactively communicates and supports the decisions they make
- Well-governed and effective clinical reference groups, with minuted meetings and clear links to other plans, such as children and young people's plans
- Production and timely dissemination to practices of indicative PBC budgets, together with regular activity and financial information in accessible formats
- Evidence of regular and active dialogue with local clinicians, seeking their data and information needs, supporting engagement that turns information into knowledge and action

5. Manage knowledge and assess needs

Manage knowledge and undertake robust and regular needs assessments that establish a full understanding of current and future local health needs and requirements

Why do PCTs need this competency in order to become world class commissioners?

Commissioning decisions should be based on sound knowledge and evidence. By identifying current needs and anticipating future trends, PCTs will be able to ensure that current and future commissioned services address and respond to the needs of the whole population, especially those whose needs are greatest. The JSNA will form one part of this assessment, but when operated at world class levels will require more and richer data, knowledge and intelligence than the minimum laid out within the proposed duty of a JSNA. Fulfilling this competency will require a high level of knowledge management with associated actuarial and analytical skill.

What are the sub-components of this competency?

Skills

- Partnership liaison skills, to ensure a meaningful exchange of key data and analysis
- Information-gathering (of both quantitative and qualitative information) and research skills, including data quality assurance
- Database management and monitoring skills
- Information analysis skills: predictive modelling; process mapping; ratio analysis; risk assessment; social modelling; scenario planning; needs analysis; statistical analysis; variance analysis
- Presentation, negotiation, brokering and influencing skills

Processes and knowledge requirements

The PCT

- Demonstrates ownership of contribution to a robust and ongoing JSNA
- Has strategies to further develop and enhance the needs assessment data sets and analysis with its partners
- Routinely acquires knowledge and intelligence of the whole community through well-defined and rigorous methodologies, including data collection with local partners, service providers and other agencies
- Identifies and uses the relevant core data sets required for effective commissioning analysis and demonstrates this use
- Routinely seeks and reports on research and best practice evidence, including clinical evidence, that will assist in commissioning and decision making
- Shares data with current and potential providers and with relevant community groups

- Demonstrates that it has sought and used all relevant data to work with communities and clinicians, prioritising strategic commissioning decisions and longer-term workforce planning

Example outputs

- Robust ongoing JSNA demonstrating a full working understanding of the current and future local population's health and well-being needs, especially relating to relative inequalities in health outcomes and experience
- Shared health equity audits
- A comprehensive map of local service provision
- Mapping and identification of areas of greatest need and relatively poorest health and well-being access and outcomes
- Jointly owned and understood local area agreements linked to a comprehensive area agreement
- A commissioning strategy that demonstrates clear links to partner strategies

6. Prioritise investment

Prioritise investment according to local needs, service requirements and the values of the NHS

Why do PCTs need this competency in order to become world class commissioners?

By having a clear understanding of the needs of different sections of the local population, PCTs, with their partners, will set strategic priorities and make investment decisions, focused on the achievement of key clinical and health and community outcomes. This will include investment plans that address the areas of greatest health inequality.

What are the sub-components of this competency?

Skills

- Database and knowledge management skills, using outputs from the JSNA to determine investment priorities
- Prioritisation and decision-making skills: key input summary; predictive modelling; process mapping; ratio analysis; risk assessment; market segmentation; 'what if?' scenarios; simulation tools; spreadsheets; statistical analysis; variance analysis
- Programme budgeting and marginal analysis capability linked to transparent investment decision-making processes
- Presentation and influencing skills

Processes and knowledge requirements

The PCT

- Identifies and commissions against key priority outcomes, taking into account patient experiences, local needs and preferences, risk assessments, national priorities and other guidance, such as National Institute for Health and Clinical Excellence (NICE) guidelines
- Ensures that the selected clinical, health and well-being outcomes are desired, achievable and measurable and align with partners' commissioning strategies
- Develops short-, medium- and long-term commissioning strategies enabling local service design, innovation and development
- Identifies and tackles inequalities of health status, access and resource allocation
- Routinely uses programme budgeting to understand investment against outcomes
- Completes comprehensive risk assessments to feed into the wider decision-making process and all investment plans
- Uses financial resources in a planned and sustainable manner and invests for the future, including through innovative service design and delivery
- Seeks and makes available valid benchmarking data
- Shares data with partner organisations, including practice based commissioners and current and potential providers

- Monitors the performance of commissioned strategic health outcomes, using patient-reported clinical outcome measures and measures related to patient experience and public engagement

Example outputs

- Adoption of rigorous and clearly defined short-, medium-and long-term commissioning strategies enabling local service design, innovation and development
- Development of and adherence to an agreed financial plan
- A summary report of the provision of care to the population included in the PCT prospectus
- Dissemination and use of programme budgeting and health outcomes data
- Relevant benchmarking data

7. Stimulate the market

Effectively stimulate the market to meet demand and secure required clinical, and health and well-being outcomes

Why do PCTs need this competency in order to become world class commissioners?

Everything PCTs do must be geared to improving the patient's experience of NHS services and outcomes of care. All organisations providing NHS services therefore need a deep understanding of what really matters to patients, the public and staff. PCTs will need to have in place a range of responsive providers that they can choose from. They must understand the current and future market and provider requirements. Employing their knowledge of future priorities, needs and community aspirations, PCTs will use their investment power to influence improvement, choice and service design through new or existing providers to secure the desired outcomes and quality, effectively shaping their market and increasing local choice of provision. This will include building on local social capital and encouraging provision via third sector organisations. Where adequate provider choice does not exist, PCTs will need clear strategies to address this, especially in areas of relatively poor health experience, access or outcomes.

What are the sub-components of this competency?

Skills

- Establishing and developing formal and informal relationships with existing and potential providers
- Patient, public and staff engagement skills
- Signalling to current and potential providers their future priorities, needs and aspirations
- Provision analysis and monitoring skills (including gap analysis); risk assessment and management; market segmentation; simulation tools
- Project management skills, including change management support for provider organisations where required
- Negotiation skills
- Presentation and influencing skills

Processes and knowledge requirements

The PCT

- Maps and understands the strengths and weaknesses of current service configuration and provision
- Has a deep understanding and knowledge of methods for finding out what matters to patients, the public and staff and is able to respond to this when defining service specifications
- Models and simulates the impact of commissioning decisions and strategies on the current configuration of provision

- Promotes services that encourage early intervention, to avoid unnecessary unplanned admissions
- Has a clear understanding and knowledge of the abilities and role of the third sector, and of its ability to provide against service specifications
- Translates strategy into short-, medium- and long-term investment requirements, allowing providers to align their own investment and planning processes with specified requirements
- Is aware of market trends and behaviours, and shows knowledge of and acts on current gaps in the market to provide patients with a choice of local providers
- Creates incentives where necessary for market entry, including understanding the requirements of full cost recovery
- Stimulates provider development matched to the requirements and experiences accrued from user and community feedback (for example, timely and convenient access to services that are closer to home)
- Specifies the realistic time schedules that are needed to encourage and deliver innovation and change, providing direct support when required
- Develops relationships with potential future providers whose services may be of interest and may be relevant to meeting need and demand
- Communicates with the market as an investor, not a funder, using and specifying an approach based on quality and outcomes

Example outputs

- Rigorous and clearly defined commissioning strategy
- Summary and analysis of patient, public and staff data; surveys; focus groups; complaints and concerns
- Analysis of provider networks and development of joint workforce planning and profiling
- Summary and analysis of provider data: economics; capacities; capabilities; and outcomes
- Demonstrable methods by which providers are rewarded for consistent high performance
- Processes for quality assurance
- Reports to Board on provider development and management issues

8. Promote improvement and innovation

Promote and specify continuous improvements in quality and outcomes through clinical and provider innovation and configuration

Why do PCTs need this competency in order to become world class commissioners?

PCTs are the driver of a continuously improving NHS. They seek innovation, knowledge and best practice, applying this locally to improve the quality and outcomes of commissioned services. In partnership with local clinicians, practice based commissioners and providers, they will specify required quality and outcomes, facilitating supplier and contractor innovation that delivers the best value. Through open and effective commissioning and decommissioning decisions, PCTs transform clinical and service configurations, meeting local needs and securing world class improvements in outcomes and quality.

What are the sub-components of this competency?

Skills

- Relationship management skills: seeks and maintains networks and relationships that identify best clinical and service innovation, research and knowledge
- Information management skills: seeks and shares knowledge and intelligence with local clinical and service providers, including current and potential providers
- Project management skills that assist provider organisations in delivering innovative practice
- Negotiation and specification skills
- Presentation and influencing skills

Processes and knowledge requirements

The PCT

- Maps and understands the strengths and weaknesses of current service innovation, quality and outcomes
- Maintains an active database of best practice, innovation and service improvement
- Analyses local and wider clinical and provider quality and capacity to innovate and improve
- Shares research, clinical and service best practice linked to clear specifications that drive innovation and improvement
- Communicates with clinicians and providers to challenge established practice and drive services that are both convenient and effective
- Sets stretch targets and challenges providers to come up with innovative ways to achieve them
- Understands the potential of local community and third sector providers to deliver innovative services and increase local social capital

- Catalyses change and helps to overcome barriers, including recognising and challenging traditions and ways of thinking (for example in service design and workforce development) that have outlived their usefulness – and supports providers that constructively break with these
- Translates research and knowledge into specific clinical and service reconfiguration, improving access, quality and outcomes
- Designs and negotiates contracts that encourage provider modernisation, continued efficiency, quality and innovation
- Creates incentives where necessary to drive innovation and quality
- Secures and maintains relationships with improvement agencies and suppliers, brokering local knowledge and information networks
- Develops relationships with current and potential providers, stimulating whole-system solutions for the greatest health and well-being gain

Example outputs

- Established local best practice and innovation networks
- Demonstrable methods by which providers are rewarded for innovation and improved quality
- Evidence of processes to engage users and others in feedback that drives further change and reconfiguration and delivers improved quality and outcomes
- Reports to Board with a focus on quality and outcomes, not cost and volume
- Evidence of local whole-system involvement in knowledge development and innovation

9. Secure procurement skills

Secure procurement skills that ensure robust and viable contracts

Why do PCTs need this competency in order to become world class commissioners?

Procurement and contracting processes ensure that agreements with providers are set out clearly and accurately with both the commissioner and the provider being clear about what is expected. By putting in place excellent procurement and contracting processes, PCTs can specify quality standards and outcomes, and facilitate good working relationships with their providers, offering protection to service users and ensuring value for money.

What are the sub-components of this competency?

Skills

- Stakeholder liaison and information sharing
- Legal and regulatory skills relevant to tendering and contracting
- Negotiation skills
- Skills in understanding and writing legal, enforceable and fair contracts and specifications
- Costing skills
- Contract and performance management

Processes and knowledge requirements

The PCT

- Procures and contracts in proportion to risk and in line with the clinical priorities and wider health and well-being outcomes described in the commissioning strategy
- Procures and contracts in line with relevant Department of Health policies, such as patient choice, competition principles and rules, care closer to home and NICE guidelines
- Works with commissioning partners to ensure that its procurement plans are consistent with wider local commissioning priorities
- Continuously develops its range of procurement techniques and makes effective use of them
- Has a working knowledge of all legal, competition and regulatory requirements relevant to its role when tendering
- Reflects NHS values through clear and accurate service specifications
- Assesses business cases according to financial viability, risk, sustainability and alignment with commissioning strategies
- Designs and negotiates open and fair contracts that provide value for money and are enforceable, with agreed performance measures and intervention protocols
- Ensures that contracts are over reasonable time periods, maximising the investment of both the provider and the PCT

- Understands and implements standard national contracts as these become available
- Creates contingency plans to mitigate against provider failure

Example outputs

- Clear and written governance for tender process according to type of contract, length, risk and value
- Clear contract specifications linked to expected outcomes
- Written strategy for intervention when decommissioning is necessary
- Appropriate contracts with a variety of providers, including commercially and clinically viable clinical services contracts and service-level agreements
- Evidence of use of negotiation when necessary, such as strategy, process map and documentation
- Evidence of timely contracting

10. Manage the local health system

Effectively manage systems and work in partnership with providers to ensure contract compliance and continuous improvements in quality and outcomes

Why do PCTs need this competency in order to become world class commissioners?

Commissioners will need to manage their relationships and contracts with providers in order to ensure that they deliver the highest possible quality of service and value for money. This will involve working closely with providers to sustain and improve provision, engaging in constructive performance discussions to ensure continuous improvement. Commissioners will need to ensure that their providers understand and promote the values of the NHS.

What are the sub-components of this competency?

Skills

- Stakeholder liaison skills
- Contract management, including performance dialogue skills
- Database management
- Root cause analysis skills: data quality assurance; accountancy; and spreadsheets
- Presentation and influencing skills

Processes and knowledge requirements

The PCT

- Monitors provider financial performance, activity and sustainability in accordance with its contractual agreements
- Is transparent about its relationships with other organisations that collect, publish, assess and regulate providers
- Evaluates individual provider performance according to agreed provision measurements
- Uses benchmarking to compare performance between providers and communicates performance evaluation findings with providers
- Uses performance evaluation findings to lead regular and constructive performance conversations with providers, working with them to resolve issues
- Uses agreed dispute processes for unresolved issues
- Recognises an advocacy and expert role in service development for providers, and invites them to contribute in that role
- Disseminates relevant information to allow current providers to innovate and develop to meet changing commissioning requirements
- Understands the motivations of current providers and fosters an environment of shared responsibility and development
- Acts to terminate contracts where this becomes necessary

Example outputs

- Robust local monitoring and reporting plan and/or process, including timetable of performance conversations
- Evidence of provider monitoring and comparison, such as provider scorecard
- Board reports on risk areas and performance issues

11. Make sound financial investments

Make sound financial investments to ensure sustainable development and value for money

Why do PCTs need this competency in order to become world class commissioners?

PCTs will ensure that their commissioning decisions are sustainable and provide a sound investment to secure improved health outcomes for both now and the future. Excellent financial skills and clinical resource management will enable PCTs to manage the financial risks involved in commissioning, and to take a proactive rather than reactive approach to financial management. The financial strategy will ensure that the commissioning strategy is affordable and set within the organisation's overall risk and assurance framework.

What are the sub-components of this competency?

Skills

- Professional financial management skills, including financial planning and forecasting, investment analysis, management accounting and financial governance skills
- Business-case modelling skills
- Impact and risk assessment skills
- Programme budgeting skills

Processes and knowledge requirements

The PCT

- Has a thorough understanding of the financial regime in which it operates
- Prepares effective financial strategies that identify and take account of trends, key risks and potential high-impact changes in cost and activity levels. These strategies drive the annual budgeting process and support the commissioning strategy
- Develops a risk-based approach to long-term financial planning and budgeting that supports relevant and proportionate analysis of financial and activity flows
- Routinely uses programme budgeting to understand investment against outcomes and relative potential shifts in investment opportunities that will optimise local health gains and increase quality
- Uses financial resources in a planned and sustainable manner and invests for the future
- Analyses costs, such as prescribing, and identifies areas for improvement
- Has a clear understanding of the links between the financial and non-financial elements of the commissioning strategies
- Develops a risk-based approach to annual financial management and budgeting that is supported by the ongoing analysis of financial and activity flows and includes cash management plans to ensure an efficient use of allocated resources

- Budgets proactively rather than reactively, with large, high-risk or volatile elements being identified and cross-referenced to operational activity
- Ensures that the Board has clear governance structures in place that facilitate and ensure active management of all aspects of the PCT's business and planning functions and that these are transparent, easily understood and public facing
- Analyses the activity of the providers, PBC leads, and other budget holders through detailed comparisons of expected and actual costs and activity
- Provides useful, concise and complete financial and activity information to the Board to aid decision making, highlighting significant variances where these are occurring
- Has clear and understood processes for dealing with any areas which begin to show significant variance from budget during the financial year, which are implemented effectively by all relevant staff and reported to the Board where necessary
- Calculates, allocates and reviews PBC budgets in a fair and transparent manner with effective incentive systems, and enables PBC leads to fully understand and manage their devolved budgets
- Develops short-, medium- and long-term strategic financial plans, highlighting areas suitable for local service redesign, innovation and development
- Works effectively with all service providers by providing financial support and information to achieve the most clinically effective and cost-effective approaches
- Has a well-developed system of governance that ensures financial risks are reported and managed at the appropriate level
- Has strong financial and ethical values and principles that are publicly expressed and underpin the work of all staff and board members, including those working under contract. These values will also be expressed in all contracts entered into by the PCT
- Ensures that all staff have a clear understanding of their delegated commissioning budgets and that all those staff responsible for the management of budgets have access to relevant and timely activity and performance data that enable them to operate these budgets effectively

Example outputs

- Robust annual, medium-term and longer-term financial plans that complement strategic plans
- Evidence of regular tracking of performance against its plans, accounting for any variation and implementing effective rectification where necessary
- Clearly identified financial risk areas and resultant mitigation strategies
- Income and expenditure forecasts
- Clear, accurate and transparent reports for external stakeholders, to ensure accountability
- Disinvestment strategies for non-recurrent spending