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MK Commissioning

Subject:	Proposed Board Assurance
Meeting:	MK Commissioning Shadow Board
Date of Meeting:	7th February 2012
Report of:	Matthew Webb

1 Introduction

Using the right systems and processes will not only help CCGs meet all their statutory duties. It will also help ensure that they are securing the highest quality services with the best outcomes for their patients and the best value for their population. It is important that governance is seen as a means to an end, and not the end in itself. Organisations that practise great governance use their processes to adapt and change, to seek feedback and take actions, to challenge their leadership and to place accountability right at the heart of their push for continuous improvement[1]

The Department of Health have developed a number of papers that are going to their February Board. Key to MK Commissioning are:

- Towards establishment: Creating responsive and accountable clinical commissioning groups, and
- Developing Clinical Commissioning Groups: Towards Authorisation

Both have a number of supporting appendices that are also relevant.

This paper covers the expectations set out in these documents for CCGs governance arrangements and looks at how these could be applied and implemented locally.

The draft Health and Social Care Bill sets out that all Clinical Commissioning Groups must have a governing body. MK Commissioning Board has been established as a sub-committee of the Milton Keynes and Northamptonshire Cluster, the terms of reference for this have been agreed and are included in the suite of governance documents supporting MK Commissioning.

According to the DH board paper, Towards establishment: Creating responsive and accountable clinical commissioning groups, CCG membership will include two lay people one with a lead role in championing patient and public empowerment, the other with a lead role in overseeing audit, remuneration and managing conflicts of interest.

The draft Health and Social Care Bill also sets out the requirement for each CCG to establish an Audit Committee and a Remuneration Committee.
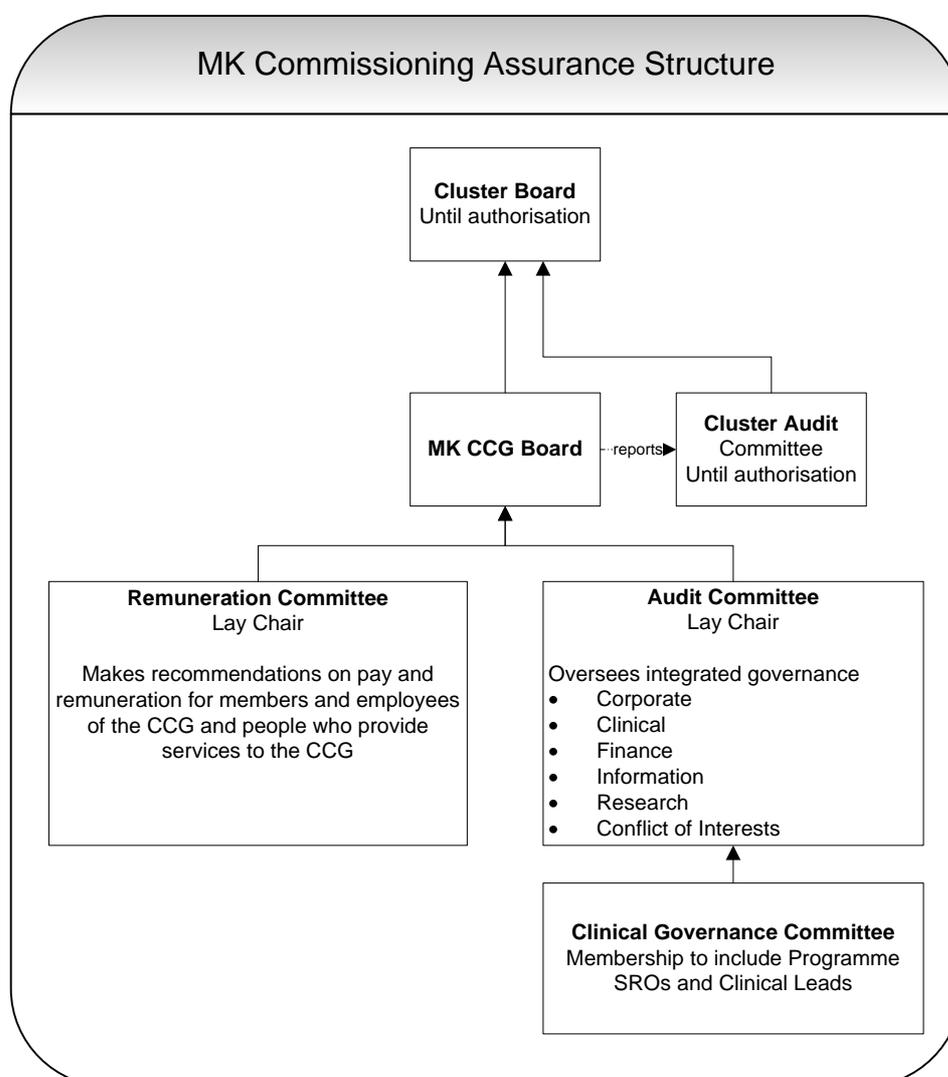
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[1] Towards establishment: Creating responsive and accountable clinical commissioning groups DH Board paper 2 February 2012

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Towards establishment: Creating responsive and accountable clinical commissioning groups also suggests that CCGs may also want to consider establishing a quality committee. The paper also sets out the various governance elements that CCGs will need to develop as being:

- Corporate governance – including strategic risk management
- Clinical Governance
- Financial Governance
- Information Governance; and
- Research Governance

During the development stage of MK Commissioning and leading up to Authorisation it is recommended that an Audit Committee is established to oversee all elements of governance (an integrated governance approach), and a Remuneration Committee.

MK Commissioning Assurance Structure

Cluster Board
Until authorisation

MK CCG Board ---reports▶ **Cluster Audit** Committee Until authorisation

Remuneration Committee
Lay Chair

Makes recommendations on pay and remuneration for members and employees of the CCG and people who provide services to the CCG

Audit Committee
Lay Chair

Oversees integrated governance
- Corporate
- Clinical
- Finance
- Information
- Research
- Conflict of Interests

Clinical Governance Committee
Membership to include Programme SROs and Clinical Leads

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2   Corporate Governance
Corporate governance sets out how the organisation is directed and controlled in order to achieve its objectives and meet the necessary standards of accountability and probity.

It is proposed that MK Commissioning objectives will be set and reviewed on an annual basis, while having synergy with the aims set out in the constitution, they will form the basis on which the CCG can measure it's own performance. It is proposed that MK Commissioning Board receives regular Board Assurance papers which report on progress throughout the financial year. It is proposed that MK Commissioning will develop a risk register that will enable the management team and board members understand and manage the risks that could otherwise result the annual objectives not being achieved.

2.1   Risk Register
It is recommended that MK Commissioning follows best practice in the format of the risk register to include a description of the risk, assessment, identification of the controls and assurances in place, gaps in controls and/or assurance and actions required to mitigate the risk. A template to this effect has already been prepared and it is recommended that MKPMG facilitate a session with MK Commissioning board members to explore the annual objectives in more depth and identify the potential risks in achieving them and how these can be managed. This will provide the foundation for fleshing out the content of the strategic risk register. A matrix for scoring the risk register is included as appendix 1.

It is proposed that the structure for the risk register is divided into the following sections:

- Strategic risks – key risks to achieving the annual objectives
- Planned Care programme – commissioning risks for this category
- Unplanned care programme - commissioning risks for this category
- Mental health programme - commissioning risks for this category
- Children and maternity programme - commissioning risks for this category

The Chief Operational Officer will be responsible to the MK Commissioning Board for the management of strategic risks and will report on these at each MK Commissioning Board. All other members of the senior management team are responsible for adding risks to the strategic risk register and bringing them to the attention on the Chief Operating Officer.

The Programme risk registers will be the responsibility of the lead MK Commissioning Board member as the designated programme senior responsible owner (SRO) with support from others providing commissioning expertise support to the programme. SROs are responsible for ensuring that Programme risks are reviewed by the programme board as a programme control tool.

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Red risks on the programme risk registers will be reviewed at the MK Commissioning Delivery Group as part of the scrutiny process for ensuring agreed targets are met and projects are on track.

The Commissioning Support Unit also maintains a risk register and will provide the senior management team with a bi-monthly risk report for the work they are managing on behalf of MK Commissioning. The senior management team will be responsible for making sure risks are mapped onto the MK Commissioning risk register where appropriate.

3   Clinical Governance

Good clinical governance will create a culture which supports continuous improvement in clinical effectiveness, safety and experiences of commissioned services. CCGs will be expected to determine and monitor the overall strategy for quality improvement, in partnership with patients, carers and the wider community.

It is proposed that a GP member of the Board will be nominated as the Clinical Governance champion to work closely with the Head of Prescribing, Clinical Change and Performance as the Senior Management Team quality lead. It would be their joint responsibility to make sure that the Clinical Governance arrangements are reviewed for improvement and taken to the Board for approval.

MK Commissioning uses programmes to commission services within the following categories:
- Planned care
- Unplanned care
- Mental health, learning disabilities and offender care
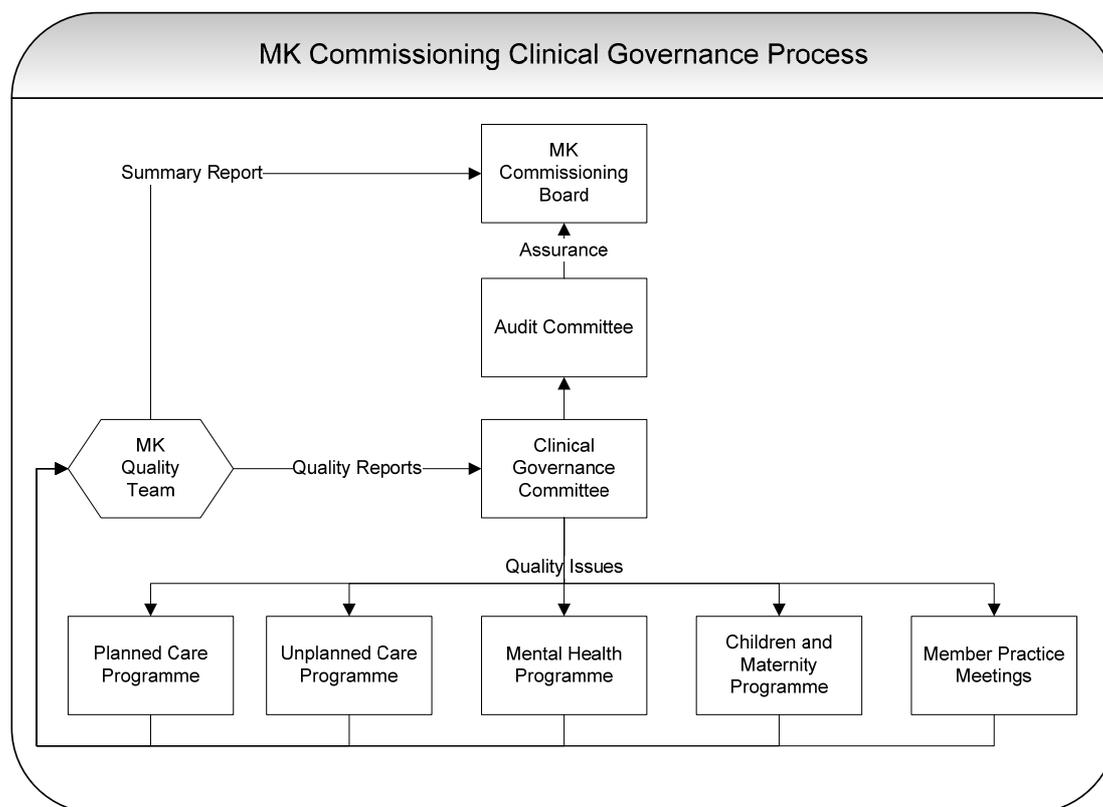- Children and Maternity services

This will provide a focus for progressing quality improvements. The SROs are responsible for working with a range of stakeholders to develop appropriate quality specifications to be included in the contracting process and for managing (with the Quality Team) any areas of concern.

Continuous improvement in primary care services will be the focus of the Member Practice Meetings.

Quality outcomes are monitored by the Quality Team and quality reports would be taken to the Clinical Governance Committee. The Clinical Governance Committee would be responsible for reviewing the reports and ensuring that the programmes (through the SRO) are acting accordingly. The SROs would need to provide the Clinical Governance Committee with assurance that action being taken is appropriate and resulting in improved outcomes.

The Clinical Governance arrangements would be subject to scrutiny by the Audit Committee to provide MK Commissioning Board with assurance that they are effective.

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MK Commissioning Clinical Governance Process

Summary Report ⟶ MK Commissioning Board

↑ Assurance

Audit Committee

MK Quality Team ⟶ Quality Reports ⟶ Clinical Governance Committee

Quality Issues

| Planned Care Programme | Unplanned Care Programme | Mental Health Programme | Children and Maternity Programme | Member Practice Meetings |

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4 Financial Governance

Good financial governance is important to ensure that public money is used effectively. Financial governance cannot be separated from the overall governance framework, but to achieve authorisation will need to include a set of robust financial procedures, appropriate and effective management structures and financial systems operated by appropriately trained staff. They will need to be backed up by effective internal and external audit arrangements.

The Senior Management Team manager with responsibility for ensuring that robust financial governance arrangements are in place is the Chief Finance Officer.

The Chief Finance Officer will ensure that MK Commissioning Board receives high quality financial information in a timely manner and that significant financial risks are escalated to the Board.

While MK Commissioning is a subcommittee of Milton Keynes and Northamptonshire Cluster all staff will need to comply with the Cluster Standing Financial Instructions and Scheme of Delegation. However, MK Commissioning will need to develop a set of these financial control documents in preparation for Authorisation.

During this transitional phase, the Audit Committee will also need to work with the Cluster internal Auditors and develop local system for considering MK Commissioning financial reporting and internal control principles and agree

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how to establish an appropriate relationship with both internal audit and external auditors.

5 Information Governance

MK Commissioning will be accountable for ensuring that it has adequate Information Governance measures in place covering all aspects of information handling, including information security and risk management, data protection and confidentiality, information quality and corporate records.

It is proposed that the Chief Finance Officer will have responsibility for Information Governance within the Senior Management Team and will be responsible for ensuring that an appropriate service is received to safeguard the organisation including breach or incident management. The Chief Financial Officer would be responsible for escalating significant issues or risks to MK Commissioning Board.

The scope of this responsibility remains unclear as to whether it will be just for MK Commissioning or include all the member practices (currently the PCT designated SIRO is responsible for Information Governance across all primary care providers and ensuring that appropriate clauses are included in contracts with all service providers).

It is suggested that information relating to Practice information governance self assessments and compliance will be part of the remit of the Member Practice Meetings with a view to peer support and continuous improvement.

It is recommended that all self assessments, audits and action plans relating to information governance will be reviewed by the Audit Committee. An annual report of compliance with information governance legislation and national standards will be reported to MK Commissioning Board on an annual basis.

6 Research Governance

It is expected that MK Commissioning will have responsibility for research governance only in specific, limited circumstances.

It is not anticipated that CCGs will take research governance responsibility for other organisations that conduct or sponsor research, such as GP practices.

One of the main ways that MK Commissioning will be expected to discharge its duty to promote research is by ensuring that treatments costs for patients who are taking part in research funded by Government and Research Charity partner organisations are funded through normal arrangements for commissioning patient care. In doing so, the CCG will not take on responsibility for research governance.

MK Commissioning Board will nominate a member GP as a research champion and it is proposed that the head of Commissioning Support & OD will have lead responsibility within the senior management team and would report to the Audit Committee on all matters relating to Research Governance.

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7   Audit Committee
While MK Commissioning is a subcommittee of Milton Keynes and Northamptonshire Cluster all staff will need to comply with the Cluster governance arrangements including internal audit.

It is recommended that the establishment and development of an Audit Committee is included in the MK Commissioning Organisational Development Plan ready to take full responsibility in the lead up to Authorisation.

8   Remuneration Committee
While MK Commissioning is a subcommittee of Milton Keynes and Northamptonshire Cluster all staff will need to comply with the Cluster governance arrangements including remuneration.

It is recommended that the establishment and development of a Remuneration Committee is included in the MK Commissioning Organisational Development Plan ready to take full responsibility in the lead up to Authorisation.

9   Other areas of Board Assurance
It is proposed that MK Commissioning Board will also receive regular report regarding performance and quality. Although these are currently separate reports they will be developed as a joint report in future.

10   Conclusion
Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes. It builds public and stakeholder confidence that health and healthcare is in good hands[2]

It is clear that the MK Commissioning will be required to demonstrate that it has good governance arrangements in place in order to achieve Authorisation. MK Commissioning are asked to consider and approve the recommendations set out in this paper that will assist with this process.

MK Commissioning are also asked to note that there are resource implications to this that will need to be addressed in the coming year.

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[2] Towards establishment: Creating responsive and accountable clinical commissioning groups. DH Feb 2012 Board Paper

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Appendix 1

Guide to Grading Risk

Step 1 – Calculate the Possible Impact

When calculating the IMPACT you should choose the most appropriate domain for the identified risk from the left hand side of the table then work along the columns in the same row to assess the severity of the risk on the scale of 1 to 5 (at the top of the column) to determine the impact score.

IMPACT	1	2	3	4	5
Domains	**Negligible**	**Minor**	**Moderate**	**Major**	**Catastrophic**
Safety of patients, staff or public (physical/psychological harm)	Minimal injury requiring no/minimal intervention or treatment.	Minor injury or illness, requiring minor intervention	Moderate injury requiring professional intervention	Major injury leading to long-term incapacity/disability	Incident leading to death
	No time off work	Requiring time off work for >3 days	Requiring time off work for 4-14 days	Requiring time off work for >14 days	Multiple permanent injuries or irreversible health effects
		Increase in length of hospital stay by 1-3 days	Increase in length of hospital stay by 4-15 days	Increase in length of hospital stay by >15 days	An event which impacts on a large number of patients
			RIDDOR/agency reportable incident	Mismanagement of patient care with long-term effects	
			An event which impacts on a small number of patients		
	1	**2**	**3**	**4**	**5**
	Negligible	**Minor**	**Moderate**	**Major**	**Catastrophic**
Quality/complaints/ audit	Peripheral element of treatment or service suboptimal	Overall treatment or service suboptimal	Treatment or service has significantly reduced effectiveness	Non-compliance with national standards with significant risk to patients if unresolved	Totally unacceptable level or quality of treatment/service
	Informal complaint/ inquiry	Formal complaint (stage 1)	Formal complaint (stage 2) complaint	Multiple complaints/ independent review	Gross failure of patient safety if findings not acted on
		Local resolution	Local resolution (with potential to go to independent review)	Low performance rating	Inquest/ombudsman inquiry
		Single failure to meet internal standards	Repeated failure to meet internal standards	Critical report	Gross failure to meet national standards
		Minor implications for patient safety if unresolved	Major patient safety implications if findings are not acted on		
		Reduced performance rating if unresolved			

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	1	2	3	4	5
	Negligible	**Minor**	**Moderate**	**Major**	**Catastrophic**
Human resources/ organisational development/ staffing/ competence	Short-term low staffing level that temporarily reduces service quality (< 1 day)	Low staffing level that reduces the service quality	Late delivery of key objective/ service due to lack of staff	Uncertain delivery of key objective/service due to lack of staff	Non-delivery of key objective/service due to lack of staff
			Unsafe staffing level or competence (>1 day)	Unsafe staffing level or competence (>5 days)	Ongoing unsafe staffing levels or competence
			Low staff morale	Loss of key staff	Loss of several key staff
			Poor staff attendance for mandatory/key training	Very low staff morale	No staff attending mandatory training /key training on an ongoing basis
				No staff attending mandatory/ key training	

	1	2	3	4	5
	Negligible	**Minor**	**Moderate**	**Major**	**Catastrophic**
Statutory duty/ inspections	No or minimal impact or breech of guidance/ statutory duty	Breech of statutory legislation	Single breech in statutory duty	Enforcement action	Multiple breeches in statutory duty
		Reduced performance rating if unresolved	Challenging external recommendations/ improvement notice	Multiple breeches in statutory duty	Prosecution
				Improvement notices	Complete systems change required
				Low performance rating	Zero performance rating
				Critical report	Severely critical report

	1	2	3	4	5
	Negligible	**Minor**	**Moderate**	**Major**	**Catastrophic**
Adverse publicity/ reputation	Rumours	Local media coverage –	Local media coverage –	National media coverage with <3 days service well below reasonable public expectation	National media coverage with >3 days service well below reasonable public expectation. MP concerned (questions in the House)
	Potential for public concern	short-term reduction in public confidence	long-term reduction in public confidence		Total loss of public confidence
		Elements of public expectation not being met			

	1	2	3	4	5
	Negligible	**Minor**	**Moderate**	**Major**	**Catastrophic**
Business objectives/ projects	Insignificant cost increase/ schedule slippage	<5 % over project budget	5–10 % over project budget	Non-compliance with national requirements 10–25 % over project budget	Incident leading >25% over project budget
		Schedule slippage	Schedule slippage	Schedule slippage	Schedule slippage
				Key objectives not met	Key objectives not met

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		1	2	3	4	5
		Negligible	**Minor**	**Moderate**	**Major**	**Catastrophic**
Finance including claims		Small loss Risk of claim remote	Loss of 0.1–0.25 per cent of budget	Loss of 0.25–0.5 per cent of budget	Uncertain delivery of key objective/Loss of 0.5–1.0 per cent of budget	Non-delivery of key objective/ Loss of >1 per cent of budget
			Claim less than £10,000	Claim(s) between £10,000 and £100,000	Claim(s) between £100,000 and £1 million	Failure to meet specification/ slippage
					Purchasers failing to pay on time	Loss of contract / payment by results
						Claim(s) >£1 million
		1	2	3	4	5
		Negligible	**Minor**	**Moderate**	**Major**	**Catastrophic**
Service/business interruption		Loss/ interruption of >1 hour	Loss/ interruption of >8 hours	Loss/ interruption of >1 day	Loss/ interruption of >1 week	Permanent loss of service or facility
		1	2	3	4	5
		Negligible	**Minor**	**Moderate**	**Major**	**Catastrophic**
Environmental impact		Minimal or no impact on the environment	Minor impact on environment	Moderate impact on environment	Major impact on environment	Catastrophic impact on environment

Step 2 – Calculate how likely the risk is to happen (likelihood)

Now work out the likelihood score. Look at the frequency and probability columns and identify which best describe how often you think the risk is likely to occur. Now make a note of the corresponding 'risk score' (1-5 in the right hand column).

Likelihood	Description	Risk Score
Almost Certain	Will undoubtedly occur, possibly frequently	**5**
Likely	Will probably occur but it is not a persistent issue	**4**
Possible	May occur occasionally	**3**
Unlikely	Do no expect it to happen but it is possible	**2**
Rare	Cannot believe that this will ever happen	**1**

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Step 3 – Calculate the risk grading

Now calculate the risk grading by multiplying the Impact (1-5) X the Likelihood (1-5) this will give you your grading ie green = low risk, amber = medium risk, red = high risk.

		IMPACT				
	x	1	2	3	4	5
L **I**	1	1	2	3	4	5
K **E**	2	2	4	6	8	10
L **I**	3	3	6	9	12	15
H **O**	4	4	8	12	16	20
O **D**	5	5	10	15	20	25

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