Meeting of:	NHS Kernow CCG Governing Body
Subject:	Capacity and Capability Review
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Lead Clinician:	
Date of meeting:	Tuesday 3rd May 2016
Requirement:	For Assurance and Information

1.	**Situation**
	Pricewaterhouse Coopers LLP has undertaken a review of capacity and capability within Kernow Clinical Commissioning Group. This report provides a summary of the findings from this review.
2.	**Background**
	Kernow Clinical Commissioning Group (The CCG) has been under legal directions from NHS England (NHSE) since 11 December 2015. The directions require the CCG to: • Produce a credible financial recovery plan; • Undertake a capacity and capability review; • Seek approval from NHSE on appointments to the Executive team and next level of management; and • Appoint a Turnaround Director. In January 2016 following a procurement process, Pricewaterhouse Coopers LLP (PwC) undertook a review of capacity and capability within the CCG. This paper presents a summary of the Capacity and Capability Review Report that was produced on 1 April 2016. The report has provided a frank assessment of the CCG. It has highlighted a number of issues concerning its structure and fitness for purpose. It identifies recommendations for improving business capabilities. NHS Kernow is committed to learning from this review. The Executive Team and Governing Body have worked with PwC to develop an action Plan to manage the implementation of these recommendations and the CCG will continue to meet with NHS England to oversee implementation as a requirement of the Legal Directions.
3.	**Assessment**
3.1	<u>Scope</u>
	The PwC Capacity and Capability Review included:

	• A desk top review; • Interviews with the Governing Body, CCG staff and external stakeholders; • Observation of governance meetings. The review had focus on three areas: • Leadership capacity and capability • Governance and reporting arrangements; and • Commissioning support services
3.2	<u>Report Findings</u>
	Leadership Capacity and Capability 1. The Executive does not operate as a cohesive team. There is a lack of clarity in roles and responsibilities which has led to confusion and dysfunction. 2. The CCG has a strong strategic vision, which is nationally recognised, but the vision is not supported by plans and is not well understood by staff, which is contributing to poor morale. 3. The Executive Team has been strengthened and has a diverse skills profile, but its capability and enthusiasm is not being adequately harnessed in the current context. 4. There is evidence of a culture of bullying and harassment, where challenge and feedback is not always welcome. 5. Staff morale is low with high rates of work-related sickness and job dissatisfaction. **Governance and Reporting Arrangements** 6. There is a lack of clarity in roles and responsibilities, driven in part by the frequent restructuring of the CCG's governance functions without due consultation with the Governing Body, Executive team and staff. 7. The Governing Body has failed to hold the Executive Team to account, and has not always been aware of key issues. This has contributed to a lack of operational grip. 8. There has been an overall failure of governance. Three restructures have taken place since the CCG's inception, as arrangements have been recognised to be unclear. The current structure is still not seen to be fit to support the CCG to carry out its core functions. 9. Decision making is slow as it is not clear at which committee information should be presented to for decision. Appropriate scrutiny and challenge is not being given, resulting in inappropriate decisions. 10. Issues around governance, capacity and capability, coupled with a focus on the future vision of the CCG, have contributed to a lack of grip on operational performance and finance. Performance and financial turnaround will require a focus on building operational and financial control. 11. The CCG's communication and engagement with staff has been poor. For example, staff have expressed concern that they had not been kept fully aware of the deteriorating financial position of the organisation. 12. Communication with external stakeholders has also been weak, which has contributed to poor working relationships, not helped by high turnover in

		leadership across the local health economy. Rapid strengthening of relationships is critical to deliver the health and social care changes required. **Commissioning Support Services** 13. The CCG has the capacity and capability to deliver effective support services, but it is not using these resources efficiently. The services could be improved through better organisation and closer working. This should focus in particular on more integrated working between teams, greater clarity of roles and responsibilities, and more efficient working.
3.3	<u>Report Recommendations</u>	
		From the findings of the Capacity and Capability Review, PwC has identified 31 recommendations for action. A priority rating has been allocated for each recommendation, along with a suggested completion date. The recommendations can be broken down into seven main themes: • Organisational structure • Vision and accountability • Effective executive team and governing body • Roles and responsibilities • Governance and assurance • Financial and Operational performance • Communications and engagement Appendix 1 provides a summary of these recommendations, their level of priority and comments on progress and next steps.
3.4	<u>Report Conclusions</u>	
		The PwC Report has highlighted a number of significant issues that require urgent action in order for the CCG to deliver financial and operational turnaround. Their recommendations have set out a challenging schedule of tasks that urgently need to be carried out in order to address the issues that have been identified. The report, however, acknowledges that prior to their review a number of the governance issues highlighted had already been identified by the new Executive Team and work had commenced to address them. PwC have noted some improvements evident during their review, in particular an increased level of openness and willingness to challenge. They have observed some excellent examples of clinical engagement, and continued commitment from staff working in difficult circumstances. The review has concluded that the CCG will need to continue this work and rapidly improve its structures and decision making processes in order to ensure that it can drive financial and operational change at speed. There is a real willingness from members of the Executive Team to effect change and a strong motivation to resolve the CCG's issues.

3.5	<u>Next Steps</u>	
	NHS Kernow has welcomed the Capacity and Capability Review and fully understands the magnitude of the challenges ahead.

The findings from the review are similar to those raised within the staff survey and the CCG has already made some progress in implementation of the changes required, for example:

- Team briefings for all staff commenced on 25 April 2016
- Much more information is reported to the public session of Governing Body rather than confidential session.
- A revised governance and committee structure has been developed with Governing Body which will be implemented from 1 July.
- The report's conclusions are reflected in the CCG's priority objectives and Operational Plan.

The Report's recommendations have been carefully considered and are being translated into an action plan with owners identified. This action plan will form the basis for monitoring delivery. It will track the immediate response to implement each of the recommendations and also identify the longer term work that will be built into business processes to ensure continuous organisational development.

The Interim Managing Director will lead delivery of the Action Plan within an Organisation Recovery Project, as part of the wider change programme incorporating financial and performance turnaround. The Organisation Recovery Project will be governed by the Human Resources/Remuneration Committee. Monthly reports will be provided to the Governing Body and NHS England to ensure appropriate oversight and challenge. | |
| **4.** | **Recommendations** | |
| | The Governing Body is recommended to:

- note the findings from the PwC Capacity and Capability Review;
- note the approach and next steps for managing delivery of the recommendations through the Organisation Recovery Project;
- delegate responsibility for governance of the Organisation Recovery Project to the HR/Remuneration Committee, with the Governing Body retaining oversight and challenge through monthly reports. | |
| **5.** | **Details of stakeholder engagement, including quality and patient experience impact** | |
| | Staff are being engaged on the CCG Directions and Capacity and Capability Review through regular Director Briefings.   The Healthy Workforce Group is actively involved in leading staff engagement and will be instrumental in supporting delivery of staff engagement related recommendations within the Capacity and Capability Review. Any specific changes proposed will be subject to appropriate engagement and formal consultation requirements, in line with national policy and | |

	recognised good practice.	
6.	**Are there any equality and human rights implications?**	
	Any specific changes proposed will be subject to agreed equality impact assessments, as part of the evaluation and engagement	
7.	**Financial Implications**	
	Failure to deliver an organisation that is fit for purpose to commission services within the financial allocation made to NHS Kernow, and failure to deliver to the financial business rules outlined, is a breach of our statutory duties.	
8.	**Risks or Issues**	
	Failure to deliver the organisation recovery in the timescales required to support finance and performance turnaround pose significant risks. The risks associated with any specific changes proposed will be subject to a full risk assessment, and communicated to stakeholders as part of the process.	

Capacity and Capability Review

Recommendations (by theme)

Appendix 1: 3 May 2016

NHS
Kernow Clinical Commissioning Group

Rec. No.	Theme		Recommendation	Priority	By When	Achieved?	Comment/Next Steps
12	1	Organisational Culture	Ensure clear record and audit trail of decisions.	High	31 Mar 16	🟡	Protocols developed (March 2016). Audit Trail will come into effect from 1 May 2016.
15	1	Organisational Culture	Strengthen FP&Q reporting to facilitate greater debate and challenge.	High	30 Jun 16	🟡	Initial amendments to reporting protocols commenced (March 2016) Further work underway to review and strengthen QIPP
29	1	Organisational Culture	Establish forward plan for future procurements.	Medium	31 Mar 16	✅	Complete Forward Plan produced and in place (March 2016).
11	2	Vision and accountability	Appoint lay member with financial/turnaround experience.	High	31 May 16	🟡	No suitable candidate identified from recent recruitment process New recruitment round underway, to seek to appoint 2 additional lay members (May 2016)
14	2	Vision and accountability	Increase transparency and proportion of GB papers discussed in public.	High	31 Mar 16	✅	Complete New protocols in place (March 2016)
21	2	Vision and accountability	Ensure HR involved proactively in all staff matters.	High	31 Mar 16	✅	Complete New protocols in place (March 2016)
30	2	Vision and accountability	Establish learning and development programmes for key areas of work .	Low	30 Jun 16	🟡	Learning and development programmes to be developed
2	3	Effective executive team and governing body	Undertake Board effectiveness review and initiate team development programme.	High	30 Jun 16	🟡	GB Development Sessions held (April 2016). Further sessions planned (next May 2016). Team Development Plan to be produced (June 2016).
3	3	Effective executive team and governing body	Strengthen relationship between Exec Team and GB.	High	30 Jun 16	🟡	GB Development Sessions held (April 2016). Further sessions planned (next May 2016). Team Development Plan to be produced (June 2016).
4	3	Effective executive team and governing body	Ensure training and development available to GB members to support them in their role.	High	30 Jun 16	🟡	Outcomes to be developed (May 2016) Outcomes to be incorporated into the Team Development Plan (June 2016) Effectiveness to be monitored via GBAF.
16	3	Effective executive team and governing body	Undertake review to map how risk is escalated and GB gains assurance.	High	31 Aug 16	🟡	Planned for next GB Development Session (17 May 2016) to test new Integrated Assurance Framework and ensure all risks identified and scored correctly
17	3	Effective executive team and governing body	Ensure GB uses risk register to appropriately manage the organisation.	High	31 Aug 16	🟡	Risks now submitted to EMT monthly for review (from April 2016) Target scores for Corporate Risks to be agreed by GB and included within monthly report.
18	3	Effective executive team and governing body	Provide risk management training and conduct formal review after 3 months	High	31 Aug 16	🟡	Actively raising awareness and importance of risk management at all levels (April 2016) Training materials being developed. Lunch & Learn sessions planned. Effectiveness review planned for August 2016.
1	4	Roles and responsibilities	Review size, roles and responsibilities of Exec Directors (plus their teams and reporting lines). Align with CCG's objectives.	High	30 Apr 16	🟡	Headline structure agreed with GB (April 16) Shared with NHS England. Sharing with staff side representatives ahead of staff engagement.
22	4	Roles and responsibilities	Align OD and HR functions (under 1 director as a minimum).	High	31 Mar 16	✅	Complete OD and HR Functions now report to same Director (April 2016)
31	4	Roles and responsibilities	Consider sharing certain HR functions with other H&SC entities. (Long term view.)	Low	30 Mar 17	🟡	Principal agreed and will form part of STP proposals.
9	5	Governance and assurance	Review governance and committee structure and ensure fit for purpose.	High	30 Jun 16	✅	Committee structure discussion at GB (April 2016). Draft Proposal with revised TofR to GB (June 2016). Implementation of new structure (July 2016).
10	5	Governance and assurance	Review all sub-committee ToR and membership and ensure Exec Team member alignment.	High	31 Mar 16	🟡	ToR best practice review underway Proposal to be presented to GB (June 2016).

Rec. No.	Theme		Recommendation	Priority	By When	Achieved?	Comment/Next Steps
13	5	Governance and assurance	Review all policies and procedures to ensure they are fit for purpose.	High	31 Aug 16	⚠	Formal log of P&P and review dates established (April 2016) Forward Plan to ensure all tasks assigned reviewed in order of importance/need (May 2016)
24	5	Governance and assurance	Chairs of sub-committees to provide verbal/written update to GB meetings.	Medium	31 Mar 16	✔	Complete All Sub-Committee chairs to provide updates to GB (April 2016)
25	5	Governance and assurance	Review timing of sub-committees and GB to optimise information flow.	Medium	31 Mar 16	✔	Complete Implemented for current committees within existing structure (April 2016) Review planned following presentation of proposals to
26	5	Governance and assurance	Improve use of exec summary and ensure risks are clearly articulated in committee papers.	Medium	30 Apr 16	⚠	Forms part of ensuring effectiveness of meetings. Identification of best practice and development of protocols/templates to ensure effectiveness (May 2016).
27	5	Governance and assurance	Improve committee minute taking ensuring discussion and challenge points are captured.	Medium	30 Apr 16	⚠	Forms part of ensuring effectiveness of meetings. Briefing for PAs and Committee Chairs (April 2016) for implementation (May 2016).
28	5	Governance and assurance	Ensure action logs are accurate and complete and progress is achieved within expected timescales.	Medium	30 Apr 16	⚠	Forms part of ensuring effectiveness of meetings. Development of protocols to standardise Action Logs and for PAs to actively chase for updates in advance of meetings (April 2016).
7	6	Financial and operational performance	Appoint Turnaround Director and review PMO and QIPP functions.	High	31 May 16	✔	Complete Turnaround Director (replacing Interim) in post (4 April 2016) Review of PMO and QIPP functions underway (April
8	6	Financial and operational performance	Redesign PMO function.	High	30 Jun 16	⚠	Governance processes agreed and formal PMO reporting mechanisms established (April 2016). Associated PID paperwork being amended.
19	6	Financial and operational performance	Automate financial reporting to free up capacity to provide additional support .	High	30 Jun 16	⚠	Automation Plan developed and agreed by DoF (April 2016) Undertaking work to link to IRIS (new SharePoint system)
20	6	Financial and operational performance	Develop pay and non-pay budgets providing regular monthly information.	High	31 Mar 16	✔	Complete Project Plan developed and monthly information will shortly be available (March 2016)
5	7	Communications and engagement	Establish internal comms and engagement programme.	High	30 Jun 16	⚠	Update to internal and external comms and engagement plans scheduled for July GB meeitng. Monthly Director Briefings and Drop in sessions commenced (April 2016). Healthy Workplace Group in place and managing action plan arising from Staff Survey (ongoing from April 2016). Alignment of work across C&C Review, Staff Survey and CCG 360 Survey (May 2016).
6	7	Communications and engagement	Start and sustain regular and full comms on performance and turnaround with external stakeholders.	High	31 Mar 16	⚠	Regular briefing of MPs & OSC established (March 2016). 10 public meetings undertaken, with more planned (ongoing). Shared comms & engagement process for STP signed off at JSEC (April 2016) Planning underway to further embed performance/turnaround comms within ongoing comms/engagement.
23	7	Communications and engagement	Strengthen existing patient engagement forums to ensure decision making is informed by stakeholder perspectives.	Medium	30 Jun 16	⚠	GB Lay member now chairs Patient Reference Group. Recruitment underway to appoint additional GB Lay Member. Review of requirements to embed patient engagement further into daily working practices.