

Item No. 7.	Classification: Open	Date: 17 February 2011	Meeting Name: Health & Social Care Board
Report title:		Changes in the NHS nationally and locally and implications for partnerships in Southwark	
Ward(s) or groups affected:		All	
From:		Chief Executive NHS Southwark and Strategic Director of Health & Community Services	

1. RECOMMENDATIONS

1.1 The Board is asked to note:

- i) The response of Southwark Council to the NHS changes as set out in the Cabinet report of 23 November 2010.
- ii) The initial approach of NHS Southwark to the changes as set out in the PCT Board report of 18 November 2010.
- iii) The implications of the national Operating Framework for the NHS, published in December 2010.
- iv) The agreed process of due diligence between Southwark Council and NHS Southwark.
- v) The joint work to develop the Health & Wellbeing Board

2. BACKGROUND INFORMATION

- 2.1 The White Paper *Excellence and Equity – Liberating the NHS* set out far reaching proposals affecting health services, including the abolition of PCTs in 2013, GP led commissioning, and a new Public Health role for councils.
- 2.2 The Cabinet of Southwark Council, at its meeting of 23 November 2010, agreed a report and recommendations on this issue. This report is attached at Appendix 1.
- 2.3 NHS Southwark is implementing a range of measures in response to Department of Health and NHS London guidance. These affect the long standing partnership arrangements between the two organisations.
- 2.4 The community health services of NHS Southwark – the “provider arm” are planned to merge with those of NHS Lambeth and move into Guy’s & St Thomas’s NHS Foundation Trust (GSTTFT). This is part of the separation of the commissioning and provider functions of PCTs required by the previous government and confirmed by the coalition government. The deadline for this is April 2011 and the work is on schedule. It affects many jointly provided services across adults and children’s care.

- 2.5 Southwark Health Commissioning, the local GP Consortium was included in the 52 groups of GP practices selected by the Department of Health to be the first to take on commissioning responsibilities. The consortium is supported by the National Clinical Commissioning Network, the National Leadership Council and by national primary care bodies, such as the Royal College of GP's Centre for Commissioning.

3. MATTERS FOR CONSIDERATION

- 3.1 NHS Southwark has an obligation to deliver a management cost reduction of over 40% on baseline costs, in line with a target set by the DH (and passed on by NHS London through the SE London sector). The target is to reduce management cost spend from the 2009/10 outturn spend of £8.9m to no more than £5.3m. NHS London has brought the 2012/13 target forward and requires the PCT to deliver the target in full from April 2011. The target was calculated by the SE London sector on the basis that all 6 PCTs would move to an equal management cost figure per capita (based on unified weighted population, which is the basis for the NHS allocation formula). The 6 PCTs share the £29.4m Sector target envelope set by NHS London on this basis.
- 3.2 NHS London has required all PCTs to deliver the year 3 management costs reduction one year early, i.e. by March 2011 for a full year effect in 2011/12. A further staff consultation commenced on 22 November, and set out how the management cost reductions will be delivered. The workforce of NHS Southwark will have reduced from circa 900 in 2009, including community staff, to approximately 80 staff from April 2011, in the local Business Support Unit, supporting GP commissioners, and including Public Health staff.
- 3.3 The Department of Health consultation on Public Health funding and remit will run until 31 March 2011. There are early discussions as to the role of Public Health and how it will integrate into the Council. There is also concern that the funding mechanisms under discussion are adequate in providing a ring fenced grant for a range of activities to be managed locally, and nationally by the new Public Health Service.
- 3.4 Therefore, there has been a recent and rapid process to clarify how this would be achieved. NHS Southwark has been working with neighbouring PCTs in the SE London sector to share functions wherever appropriate. However, this has been in the clear context of preserving the local shared management and governance arrangements between the Council and the PCT.
- 3.5 On 15th December 2010, the Department of Health published the Operating Framework for the NHS in England 2011/12. The document states that PCTs will be grouped into clusters, to be in place by June 2011 with each cluster having a single Executive team and a single Accountable Officer with as much business as possible delegated to Borough based Business Support Units (BSUs). These units will be overseen by local committees operating as sub committees of each PCT Board.
- 3.6 On 31st January 2011, the Department of Health published the PCT Cluster Implementation Guidance which set out further guidance on the requirement to establish clusters by June 2011; accountability arrangements for clusters; HR guidance to support staff affected by the formation of clusters and advice, developed jointly with the Appointments Commission, on non-executive issues related to clusters.

- 3.7 The DH description of PCT Clusters means that NHS Southwark will not have a separate Board and will be part of the governance arrangements which will apply to the other PCTs in SE London sector. In line with the arrangements which apply to all PCTs, there will be only one Accountable Officer and one Director of Finance for the PCTs in SE London. Existing local Boards will cease from April 2011.

4. LOCAL ARRANGEMENTS

- 4.1 NHS Southwark has established a Clinical Commissioning Board (CCB) as a committee of the PCT Board. The CCB which consists predominately of local GPs will oversee the operation of the Southwark Business Support Unit and is chaired by a Clinical GP commissioner lead. There are 8 GP leads, two from each of the four localities in Southwark and they have been chosen by a process of selection/election.
- 4.2 Given the close working with the Council, and the rapid development of the GP consortium locally, the approach has been to build as much sustainability and continuity into the health/care system, at a time of major organisational upheaval.
- 4.3 The Southwark BSU which will carry out the responsibilities remaining at local level, including those being undertaken by the GP Consortium, is very small, consisting of approximately 50 posts. The structure has been designed with the GP commissioning leads and is intended to have the best mix of senior experienced specialist staff and supporting operational staff to deliver its objectives within available resources. The SBSU's remit will include Client Group Commissioning, which is part of the joint management arrangements that are currently in place. A SEL sector team will commission from the local Hospital services on behalf of all 6 Boroughs.
- 4.4 The transitional governance arrangements for SE London PCTs and Bexley Care Trust are still to be determined. However, it is clear that these could affect local partnership arrangements, though the recently published PCT Cluster implementation guidance stipulates that the establishment of PCT clusters should not lead to the dismantling of effective joint working arrangements.
- 4.5 The Council has initiated a Due Diligence review of the current partnership arrangements, which affect a number of senior posts, management arrangements, and pooled budget agreements. This will enable the Council and NHS Southwark to agree how best to take these issues forward and retain the significant learning and outcomes that have been achieved. The Council is also meeting with NHS London and SEL Sector senior colleagues to discuss these issues further.
- 4.6 Another key development of the changes will be to establish a Health and Wellbeing Board in each area. Discussions are underway, and an officer group has been established, overseen by the lead member, to take this work forward and make recommendations shortly. The Establishment of this new Board will potentially mean the demise of the current Health and Social Care Board with its functions being subsumed into new arrangements. This is still to be determined.

5. RISK FACTORS

- 5.1 The rapid change in the context of a tight financial position creates risk and uncertainty in the whole healthcare system. Mitigation of the risk is the key issue of this paper.

6. COMMUNITY INPUT

- 6.1 Many health gains have been achieved in Southwark in recent years through our joint arrangements and close working, although gaps between the richest and healthiest and the poorest communities remain large. Continued focus on this throughout a time of organisational upheaval is a big consideration. The Business Support Unit and GP Consortium have local engagement in services and their redesign, as one of their top priorities.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
White Paper	NHS Southwark	

APPENDICES

No.	Title
Appendix 1	Changes in the NHS and Implications for Southwark Council – Report to 23 November 2010 Cabinet

AUDIT TRAIL

Lead Officer	Susanna White, Chief Executive NHS Southwark and Strategic Director of Health & Community Services	
Report Author	Susanna White	
Version	Final	
Dated	9 February 2011	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	No	No
Finance Director	No	No
Date final report sent to Constitutional Support Services/ PCT dispatch	10 February 2011	