

Item No.	Classification: Open	Date: 1 st December 2009	Meeting Name: Health and Social Care Board
Report title:		Update on the Development of Provider Services	
Ward(s) or groups affected:		All	
From:		Deputy Chief Executive & Director of Resources	

1. Purpose

- 1.1 The purpose of this report is to update the Health & Social Care Board on recent activity in relation to the development of Southwark Provider Services.

2. Recommendation

- 2.1 Health & Social Care Board (HSCB) is asked to consider the contents of the report and note the decisions taken by the PCT Board in relation to the externalisation of Southwark Provider Services.

3. Background

- 3.1 In July 2005, "Commissioning a Patient Led NHS" set the principle of separating commissioning and service provision functions within PCTs. A national timetable for this was more recently published through the Transforming Community Services Programme in January 2009. In London, a quicker pace has been requested due to the commissioning development focus needed across London PCTs.
- 3.2 In November 2008, the PCT Board took a strategic decision to continue the integrated provision of health and social care services, in line with the current operating model in Southwark, whereby Southwark Provider Services (SPS) would become an Autonomous Provider Organisation in its own right.
- 3.4 However, in light of rapidly changing circumstances in the provider landscape and the current national economic position, a broader range of alternative options need to be considered for the final organisational form of SPS. The options available for SPS are:

Organisational Form	Examples
NHS Organisations	<ul style="list-style-type: none"> • Direct Provision – the provision of services remains with the PCT but with separate governance arrangements so that the provider services are treated like any other provider. • An alternative approach would be for the PCT to agree with another PCT either to manage or merge the delivery of their directly provided services.
	<ul style="list-style-type: none"> • Community Foundation Trust - A Public Benefit Corporation consisting of members who many be in

	constituencies of the public, patients and staff. There is a Board or Council of Governors and a Board of Directors.
Social Enterprise	<ul style="list-style-type: none"> • Company limited by guarantee
	<ul style="list-style-type: none"> • Industrial and Provident Community Benefit Society
	<ul style="list-style-type: none"> • Industrial and Community Society
	<ul style="list-style-type: none"> • Community Interest Company
	<ul style="list-style-type: none"> • Charitable Incorporated Organisation
Vertical Integration	<ul style="list-style-type: none"> • These can be arrangements between NHS organisations and other bodies, where other NHS organisations (e.g. NHS Trusts, NHS Foundation Trusts), or local authorities of third sector organisations, typically, carrying out different stages of a patient or use pathway. These can be carried out through a contractual Joint Venture, a Community Interest Company, partnerships, or a Section 75 Agreement. There is no prescribed form for vertical integration. Proposals for vertical integration must be compliant with the requirements of the Principles and Rules for Cooperation and Competition Panel.
Horizontal Integration between PCT providers and/or Local Authorities	<ul style="list-style-type: none"> • PCTS enter joint arrangements or services are transferred to (“hosted by”) and other PCT. PCTs and LAs enter section 75 partnership arrangements whereby the LA performs the PCT’s community health services function. Typically such arrangements are developed between providers delivering the same part of a patient pathways or service.
	<ul style="list-style-type: none"> • Partnership arrangements with a local authority under section 75 of the NHS Act 2006. Under these arrangements a local authority provides the relevant former PCT community health services.
	<ul style="list-style-type: none"> • Services provided on behalf of a PCT through joint or delegation arrangements with a third party (another PCT)
	<ul style="list-style-type: none"> • Integrated Care Pilot (ICP). An entity that takes overall responsibility for ensuring coordinated care for a defined and registered population wherever that care is to be provided i.e. across part or whole of the patient pathway, irrespective of sector. These are currently being piloted.
	<ul style="list-style-type: none"> • Primary care contracts –
	<ul style="list-style-type: none"> • NHS contracted arrangement – An existing Foundation Trust managing some community services. Primary and community care organisations managing some acute services from community base.

4. Policy Context

4.1 Transforming Community Services – *Enabling New Patterns of Provision* was published by the Department of Health on 13 January 2009 and clarified a number of issues on how PCTs manage the transformation of provider services. The Department of Health and Monitor have also published the Transaction Manual which details the process and governance arrangements for organisational change that will apply to externalization. These documents suggest:

Case for Change

- 4.2 The separating of both the commissioning and service provision functions will lead to more focused attention on commissioning and enable a service provision organization to focus on delivering safe and effective services. NHS Southwark will focus commissioning to:
- Deliver better health outcomes for our population
 - Tackle local health inequalities
 - Ensure high quality, sustainable and responsive local services delivered by a range of providers
 - Improve patient experience
- 4.3 NHS Southwark is required to develop a coherent and sustainable option for SPS, which strengthens community provision and facilitates the ambitions of 'Healthcare for London' and 'Transforming the NHS in Southwark'. NHS Southwark wants local Community Health Services that are able to deliver safe and effective services that are:
- Personalised and flexible, thereby maximising the independence of individuals
 - Integrated and seamless
 - Best value
 - Provided as close to home as possible
 - Offering patient's choice
- 4.4 At its meeting on 24th September 2009, the PCT Board endorsed the preference for a joint arrangement with Lambeth Primary Care Trust as a core partnership based on the need to commission integrated care pathways to deliver improved health outcomes, our geographical continuity and similar demography.

The Process so far

- 4.5 Following the Transforming Community Services guidance, Southwark PCT has had discussions with its Board about future options, and with Lambeth and Wandsworth PCT's about potential collaboration on some of those options.
- 4.6 The PCT has written to neighbouring NHS organisations seeking expressions of interests on integrating with or providing Southwark community health services without being specific on the form that it could take. The organisations listed below expressed an initial interest in working with SPS and further discussions will take place shortly:
- Lambeth PCT
 - King's Health Partners
 - City & Hackney Community Health Services
 - University Hospital Lewisham NHS Trust
 - Greenwich PCT
 - Wandsworth PCT

- 4.7 There are a significant number of options to be appraised, and there needs to be both an individual assessment by Southwark PCT of the best options for its customers, and a joint assessment with other PCT's of the options that involve partnering.

Option appraisal process

- 4.8 In order to evaluate the strengths and weaknesses of potential organisational forms, a set of criteria was developed, based on feedback from staff at workshops, on what they considered to be the most important issues for the new organisation(s) to address. The criterion for appraising each of the organisational forms is attached at Appendix A and the key principles of undertaking the options appraisals are to:

- Engage commissioners including practice based commissioners and partners in the process to ensure that the objectives of improving the health and well-being of the population, reducing health inequalities and strengthening community based services are achieved;
- Work with residents and their representatives to ensure that services are co-ordinated and responsive to their needs and wishes;
- Ensure that staff and their representatives are fully engaged in determining how community based services will be provided in the future.

- 4.9 In order to carry out the options appraisal the following steps will be undertaken:

- A small group comprising PCT directors will meet with all organisations that have expressed an interest in working with SPS. The purpose of these director level meetings is to ascertain the level of interest and explore the potential advantages and likely challenges;
- Organisations that remain committed to exploring working with SPS will be invited to produce a business proposal that responds to the key questions outlined in the criteria. These proposals will be assessed at director level, with reference to the views of staff and Non Executive Directors;
- Following on from the consideration of business proposals, a progress report will be produced for the Board and it is expected that the Board will be asked to formally agree a final shortlist in December 2009.

- 5.4 In parallel to the process outlined above, a small project board (comprising the CE of Lambeth PCT and the Deputy Chief Executives of Southwark and Wandsworth PCTs) has been established to consider potential integrated options

PCT Decision Making Process

- 5.6 The decision on the final organisational form of SPS is reserved to the PCT Board who will wish to make reference to the views of key stakeholders, and will be taken in two stages – stage one comprising an assessment and ranking of the full range of options and stage two, the PCT Board decision on the organisational form.

- **Stage 1** - refers to the PCTs assessment of the full range of options available and includes the option appraisal process on the organisational forms. It is anticipated that the PCT Board will be able to take a decision on the ranking of the options and the 'preferred' organisational forms by Christmas, and that an additional meeting of the Board will be required to achieve this on 17 December. The Board will review options for both Southwark alone, and with potential partner organisations. The decision on the final ranking of preferred options will be taken in public by the PCT Board.
- **Stage 2** - the focus of stage two is on the final organisational form and the due diligence processes to achieve this. The outcome of stage 2 will be the PCT decision on the final organisational form of SPS. This decision is reserved to the PCT Board which *can choose to* enter into a Joint arrangement with other PCTs to arrive at the final decision.

Option Appraisal Criteria for Assessing the final Organisational Form of Southwark Provider Services – Appendix A

<p>1. Sustainability - of Integrated Service Provision across Health and Social Care</p> <p>1.1. Foster Opportunities for sustaining and developing integrated provision</p> <p>1.2. Supports the delivery of integrated care pathways, the increased shift of provision from acute to community services, and delivery of the personalisation and choice agenda.</p> <p>1.3. Supports accountable integrated provision for children and their families and others</p> <p>1.4. Supports supportive individualised approach to transition planning for individuals moving between young people's and adults services.</p> <p>1.5. Services recognised as excellent</p> <p>1.6. Strengthens clinical leadership</p> <p>1.7. Strong community & service user involvement</p> <p>1.8. Working in partnership with the local authority to deliver shared objectives</p> <p>1.9. Strong connections with hospital and mental health services</p> <p>1.10. Impact on World Class Commissioning</p> <p>2. Patient Care</p> <p>2.1. Creates greater incentives for innovation and development of Community Health Services</p> <p>2.2. Creates opportunity for service improvement, delivery of best practice and compliance with healthcare standards, and demonstrates responsiveness to patient feedback.</p> <p>2.3. Improves access to care in local community based settings</p> <p>3. Sustainability – Organisational (including Finance, Economic and Governance)</p> <p>3.1. Transaction and administration costs provide Value for Money</p> <p>3.2. Creates an organisation of sufficient size and capacity to drive forward growth in community health services</p> <p>3.3. Improves organisational efficiencies and value for money for services. Incentivises improved productivity</p>

- 3.4. Supports strong governance and accountability. Improves corporate performance. Able to demonstrate improved clinical performance and health outcomes
- 3.5. Through understanding of Community Provider Services, improves ability to improve marketability and market share. Sustains and develops a strong Commissioner/Provider relationship.
- 3.6. Supports and develops marketing skills through sharing of own expertise and knowledge.
- 3.7. Provides additional expertise on key aspects of business development.
- 3.8. Wide range of services
- 3.9. Flexible and supports innovation, e.g. through retention of surpluses
- 3.10. Robust and stable
- 3.11. Strong connections with GPs
- 3.12. Ability to meet statutory responsibilities
- 3.13. Economic viability and sustainability

4. Sustainability – Staff

- 4.1. Is positively welcomed by staff (fully meets all issues)
- 4.2. Has a positive impact on staff motivation and experience
- 4.3. Has a positive impact on recruitment and career development opportunities (with a particular regard to terms and conditions and access to NHS pensions)
- 4.4. Supports staff training and development and research opportunities
- 4.5. Staff involved in governance
- 4.6. Links with research and academia to promote innovation
- 4.7. NHS status
- 4.8. Minimise disruption to services

5. Fit with NHS Southwark/Local Priorities

- 5.1. Supports the delivery of care outside hospital, and facilitates the development of care pathways
- 5.2. Delivers competitive marketable community health services
- 5.3. Supports alignment with local authority partners and critical links and alignments with GPs and others
- 5.4. Provides unique opportunities for developing and extending clinical links.

6. Meets population's diverse needs and their preferences

- 6.1. NHS Brand
- 6.2. Allows for choice and convenient access times
- 6.3. Framework to increase quality and improve health of population
- 6.4. Meets needs of vulnerable groups