NHS
Nottinghamshire County

Agenda reference
B/10/35

Report to:	PCT Board
Date of meeting:	25 March 2010
Title of paper:	Transforming Community Services (TCS) – The Future Management of PCT Provided Services

Executive Summary:
The NHS Operating Framework states that 'by **March 2010** PCTs must have agreed with SHAs proposals for the future organisational structure of all current PCT provided community services.'

On the 5 February, The Department of Health (DoH) published "Transforming Community Services – The assurance and approvals process for PCT-provided community services." This new guidance stated that by the end of March "PCTs should have secured approval in principle from SHAs for the future organisational structures of their directly-provided community services. "

In tandem with the DoH publication, the Strategic Health Authority (SHA) wrote to PCTs with a challenging timetable for developing and testing proposals for the future management of PCT provided community services. This timetable cumulated in the submission of final proposals by the 12 March 2010. Feedback on this proposal will be provided by the SHA at the end of March.

The rapidly changing policy agenda has required the PCT to revise its proposals over the last month; this has made effective communication and engagement difficult. The latest proposals for the future management of PCT provided services will require further robust testing, but they propose the future management of community services by the local Mental Health Trust, local Acute Trusts and Principia (in Rushcliffe operating as an Integrated Care Organisation).

Changes to NHS provided services should be implemented by April 2011.

There are several potential risks as yet un-quantified. The most significant risk posed by the volatile nature of this policy agenda is the continued uncertainty about future management arrangements faced by staff and the resultant effect of this on morale and service delivery. This paper attempts to clearly indicate the next steps required by the PCT, thus addressing this risk directly.

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Originator of paper:	Oliver Newbould, Deputy Director of Procurement and Market Management

The Board is recommended to:

- **CONSIDER** the latest proposals for the future management of PCT provided community services.
- **NOTE** that feedback on the recent submission to the Strategic Health Authority will be provided to the Board at a future meeting
- **APPROVE** the actions recommended in Section 6 of the attached paper.

Transforming Community Services

The Future Management of PCT Provided Services

1) A Further Update to the Board – Previous Updates in July and September 2009

In July 2009 a paper was presented to the Board that provided an update on the Transforming Community Services (TCS) agenda. It described progress in developing a TCS Strategy, but also indicated increasing uncertainty in relation to the Department of Health's (DoH) strategy for the future management of PCT directly provided services. Much of this uncertainty revolved around the failure of social enterprise organisations to materialise as envisaged and continued uncertainty about the desirability of new Community Foundation Trusts (CFTs).

2) Policy On Future Management Of PCT Provided Services Has Gathered Pace

The NHS Operating Framework states that 'by **March 2010** PCTs must have agreed with SHAs proposals for the future organisational structure of all current PCT provided community services.'

On the 5th February, The DoH published "Transforming Community Services – The assurance and approvals process for PCT-provided community services" (link attached at the end of this document). This new guidance attempted to clarify this, stating that by the end of March "PCTs should have secured approval in principle from SHAs for the future organisational structures of their directly-provided community services. "

In tandem with the DoH publication, the East Midlands SHA wrote to PCTs with a challenging timetable for developing and testing proposals for the future management of PCT provided community services. In short:

- **By 4th February**: PCTs were required to complete a template indicating initial thoughts on future management arrangements.
- **By 16th February**: Further contextual detail was required to explain proposals for future form including a description of service bundles and a commentary describing how proposals meet the tests outlined in recent guidance.
- **By the 12th March**: The PCT must make final proposals which should be signed off by the PCT Board prior to submission to the SHA.
- **By the End of March**: PCT proposals will be subject to review and sign off by a sub-committee of the SHA Board which will confirm its findings to the DoH by the end of the month.

The PCT completed submissions in line with this guidance. Non Executive Members of the Board were briefed on the content and progress of the submissions at a meeting on the 8th March.

3) The PCT's Approach to this Policy has had to Adapt to Changing Requirements

The submission made to the SHA on the 16th February described a proposal that divided the existing PCT provided services three ways based on the evaluation criteria contained in the recent DoH guidance. In summary, the submission proposed that community hospitals and acute focused services should be managed by acute hospital providers, that community children's services, drug dependency, prison health and mental health services should be managed by a mental health trust and that community nursing and therapy services should be managed by Primary Care based providers.

The content of the 16th February submission to the SHA had the broad support of the PCT's PEC, and mirrored similar proposals from NHS Nottingham City and Bassetlaw PCT. The intention to develop Primary Care providers was based on the PCTs strategic support for Practice Based Commissioning (PBC) as described in the PBC Escalator. This is a framework for the development of PBC which indicates that fully mature PBC clusters can both commission and operate community services in the form of an Integrated Care Organisation (ICO).

In response to the submission, the SHA expressed concern that existing Primary Care organisations in Nottinghamshire would stand little chance of developing the necessary management and governance skills within the required timescale (i.e. in readiness for transfer before April 2011). It was also indicated that the development of new legal entities within these constraints would not be considered as a viable proposal.

The PCT was aware of these issues and the 16th February submission included a statement of the PCT's approach to risk management. In this, the PCT indicated that current and potential Primary Care providers would be subject to a rigorous gateway programme to assure the PCT that progress on management and governance arrangements was underway. Should an organisation fail the assurance process a host NHS provider would be identified to mange services until such a time that a suitable Primary Care based model could be implemented. However, after the submission the SHA indicated to all PCTs that any proposal that included more than one transfer of staff would not be acceptable on the basis it would prolong staff uncertainty about future direction of travel.

On the 8th March the SHA indicated that the PCT's proposal would be unlikely to pass the SHA and DoH assurance processes if it included a transfer of core community services to Primary Care. The only possible exception to this would be the inclusion of Principia as a provider on the basis that it was a nationally recognised ICO pilot.

4) A Revised Submission with an Increased Role for Mental Health

A revised proposal was submitted on the 12th March which proposed the transfer of the significant majority of services previously apportioned to Primary Care to Nottinghamshire Healthcare Trust. The transfer to a mental health provider rather than to acute provider(s) represents the PCTs continued belief that community services are best managed by organisations whose focus is community and primary care. The exception to this general direction of travel is the inclusion of Principia as a potential host for community nursing and therapy services based on their unique position as an ICO.

Appendix 1 contains three slides which are extracts from the recent submission. They indicate the proposed destination for service bundles as defined by the PCT, their value and the number of staff involved in front line delivery. Details of how to access a copy of the full submission are attached at the end of this paper.

5) ***More Stakeholder Engagement is Needed***

The extreme timescales associated with the publication of guidance in February has meant that only limited stakeholder engagement has taken place. Far more is needed over the coming weeks to both refine the PCT's proposals and to communicate the implications of the decisions being made.

However, the following is worthy of note at this stage:

- Nottinghamshire Community Health has steadfastly supported the PCT in developing its proposals despite the obvious implications of the policy agenda.
- NHS Nottingham City and Bassetlaw PCT have been closely involved in the development of proposals.
- Staff Side Union Representatives have met senior managers on at least three occasions to discuss the implications of this policy. Further meetings are scheduled. There is considerable national, regional and local concern about the TCS policy and the pace of change associated with it. Locally, Unions have expressed deep concern about the development of Primary Care led organisations which they believe to be outside of the NHS. Local representatives have indicated a willingness to actively resist these types of service models.
- There is significant disappointment amongst existing and emerging Primary Care Providers at the change of policy which discourages the development of Primary Care Providers. They feel this to be unjustified and ill-informed.
- Both Nottinghamshire Acute Trusts have expressed an interest in managing community services through subsidiary organisations which they feel can offer the benefit of integrated care and community focus.
- All parties agree that detailed changes will be required to the PCT's proposals following further detailed discussions and debate.

6) ***Much More Work is Required to Refine Proposals and Move the Agenda Forward***

The following actions will be required:

- The SHA will provide detailed feedback on the PCT's proposals and it is likely that further refinement will be required.
- The PCT must continue to engage stakeholders in the first quarter of the new financial year in order to refine its proposals on a service line by service line basis.
- The PCT should develop a gateway assurance process in order to rationally appraise Principia's ability to manage community services by April 2011. This process should also be open to other potential Primary Care based service providers in order to test the assertion that these organisations cannot be business ready by April 2011.
- Further formal Staff Side engagement and communication is required. Concerns about the management of community services by Primary Care led organisations must be fully explored and addressed.

- The PCT must await further guidance on the potential implications of European Union Procurement Law on this policy area – and act accordingly. DoH guidance is still awaited, and the SHA suggest that any solution outside the local NHS (including Primary Care) may have to be subject to some form of competitive tendering.
- Following the refinement of proposals, the PCT must implement formal staff and public consultation as required. The PCT has already reached agreement in-principal with NHS Nottingham City and Bassetlaw PCT to act collaboratively in relation to local Overview and Scrutiny Committees.
- Detailed implementation planning must begin no later than June 2010.

7) This Paper makes Three Recommendations to the Board

The Board is recommended to:

- **Consider** the latest proposals for the future management of PCT provided community services

- **Note** that feedback on the recent submission to the Strategic Health Authority will be provided to the Board at a future meeting.

- **Approve** the actions recommended in Section 6.

Oliver Newbould
Deputy Director of Procurement and Market Management

14th March 2010

"Transforming Community Services – The assurance and approvals process for PCT-provided community services" available at:
(http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_112147)

A full copy of the PCTs March 12th Submission is available on request from:
sarah.allcock@nottspct.nhs.uk

NHS East Midlands

Submission Date: Friday March 12th 2010

Transforming Community Services

Assurance Process for PCT Proposals on Community Services

PCT Name: NHS Nottinghamshire County

Proposed Options for Organisational Form

Safer, high quality care | Improved health | Value for money
Better patient experience | Real influence | More accessible services

NHS East Midlands

Services to be Managed by Mental Health

Service pathways covered in this segment

Service:	WTE	Value £M
Substance misuse and prevention (including smoking, domestic violence facilitators, Direct Access drugs and alcohol services, WAM	70	3.10
Mental Health Intermediate Care (cluster based services)	9	0.53
LD Health Facilitators	3	0.23
Child and Adolescent Mental Health Services (CAMHS)	79	1.90
Integrated Children and Family Teams (including Health Visitors and School Nursing, Looked after Children)	265	12.81
Prison Healthcare	44	2.31
Community podiatry	53	3.03
COPD (Greater Notts)	3	0.23
Diabetes	3	0.17
Home based clinical care (inc district nursing, community matrons, continence, continuing care assessment/FNC) (Countywide excluding Principia)	369	20.06
Community based rehabilitation services (inc SALT, physiotherapy, occupational therapy, hip and knee pathway, falls, orthotics, wheelchair services) (Countywide excluding Principia)	100	4.25
Intermediate care (Stroke rehab and Early supported discharge) (Countywide excluding Principia)	119	4.72
Total	**1117**	**53.34**

WTE numbers represent front line clinical staff only – support services and management staff are yet to be apportioned.

Costs include a pro-rata apportionment of overheads and support services. Further detailed work is required.

NHS East Midlands

Services to be Managed by Acute Providers

Service pathways covered in this segment

Service	WTE	£M
• Nutrition & Dietetics	30	1.22
• Sexual Health & Teenage Pregnancy	21	1.44
• Cardiac rehabilitation	5	0.23
• COPD (Central Notts)	3	0.2
• Walk in Centre	13	0.8
• Specialist Childrens services (inc SALT, Child Development Centre, OT, PT)	248	6.4
• Children's in patient & outreach respite care	42	2.0
• Specialist Palliative Care	66	3.5
• Community Hospitals (Inpatient stroke rehab, Orthopaedic rehab, General rehab; Outpatients; COPD, Stroke, Rehab medicine, therapy, orthotics)	358	16.7
• Foot Care – Surgical (Greater Notts)	17	1.2
Segment total	**809**	**33.6**

WTE numbers represent front line clinical staff only – support services and management staff are yet to be apportioned.

Costs include a pro-rata apportionment of overheads and support services. Further detailed work is required.

Better Health Better Care

NHS East Midlands

Services to be Managed by Principia*

Service pathways covered in this segment

	WTE	£M
•Home based clinical care (inc district nursing, community matrons, continence, continuing care assessment/FNC) (Principia area only)	81	4.43
• Community based rehabilitation services (inc SALT, physiotherapy, occupational therapy, hip and knee pathway, falls, orthotics, wheelchair services) (Principia area only)	22	0.94
• Intermediate care (Stroke rehab and Early supported discharge) (Principia area only)	26	1.04
Segment total	**129**	**6.41**

WTE numbers represent front line clinical staff only – support services and management staff are yet to be apportioned. Costs include a pro-rata apportionment of overheads and support services. Further detailed work is required.

*Note – Actual host subject to any guidance issued by the DoH / SHA on the requirement to tender non-NHS provision.

Better Health Better Care