

The Future of PCT Provider Services

Progress Report

Health Overview and Scrutiny Committee – 26th November 2010

1. Introduction

This is a joint paper between NHS Eastern and Coastal Kent (NHS ECK), NHS West Kent (NHS WK) and Eastern and Coastal Kent Community Health NHS Trust (ECKCH) relating to the proposed establishment of a Kent wide provider of community services from 1st April 2011. It aims to provide a progress report to Health Overview and Scrutiny Committee (HOSC) following the more detailed overview report submitted to HOSC at the meeting on 3rd September 2010.

Specifically, the report provides the following:

- An update on developments that have occurred since the September meeting.
- An updated timeline for the proposals around the future of community service provision.
- A summary of the 'Proposal for the Establishment of a Pan-Kent Community Services NHS Trust' submitted to the NHS ECK and NHS WK Boards in September.

2. Stakeholder Engagement

At the September HOSC meeting, a concern was raised regarding stakeholder engagement and in particular the potential loss of local input and ownership into community hospital services if the proposed merger and creation of a larger organisation were to proceed.

One of the key actions within the stakeholder engagement plan is to produce bespoke leaflets for staff, public groups, NHS partners, KCC and voluntary sector explaining what the Kent wide proposal means for them and how an integrated community services model would potentially operate. Each leaflet requested views on the proposal and the results will be presented back to the HOSC meeting in February 2011. Current consensus so far is that in principle a Kent wide model is supported but more information is sought on how the locality arrangements will work in practice.

With regard to the issue raised by the West Kent League of Friends representative for Edenbridge on behalf of other community hospitals a subsequent meeting was held with the League of Friends and a summary of the outcome is extracted below:

*“After listening to Philip Greenhill, and particularly Mark Shepperd, our views have changed. Though we are concerned at the lack of competition in health services for patients in Edenbridge, we feel the proposal for one big provider arm in Kent has merit. **We are persuaded:***

- ***that a Kent wide provider arm could better deliver the policies proposed in the Health White Paper;***
- ***Our local GPs will be able to influence the commissioning of local healthcare***
- ***Edenbridge Hospital could be more vital, and better organised to provide more of the services locality needs.***

There is a danger that the bigger organisation, the more layers of bureaucracy it needs. We have been persuaded that there will be more local administrative autonomy as well as provision of more local health services with this larger provider.

We hope that the Committee will agree with our changed views.”

Stakeholder engagement will continue in line with the engagement plan.

3. Update on other developments

3.1 Eastern and Coastal Kent Community Health NHS Trust

The new Trust came into being on the 1st November 2010 with the first formal meeting taking place that day.

3.2 NHS ECK and NHS WK Board Meeting

Both Boards at the September meetings agreed the business case proposing the establishment of a Kent wide provider of community services from 1st April 2011. The executive summary from the proposal document is attached as Appendix A.

3.3 Integration Board

An Integration Board has been established to ensure the effective delivery of the overall integration project. Chairs and Chief Executives from the 4 stakeholder organisations are members along with SHA and Staff side representatives. An implementation plan has been produced containing the key work streams and tasks that need to be undertaken before 1st April.

The Board are also responsible for ensuring effective communication is undertaken with staff and stakeholders during the transition phase plus the assessment and mitigation of major risk factors.

3.4 Department of Health agreement

On the basis that the proposals meet the National Guidance and tests set out in the NHS Operating Framework, the Department of Health have agreed in principle to the transfer of NHS WK community provider services to ECKCH.

The final decision to agree the proposals resides with the Strategic Health Authority who will need to take account of the judgement of the Cooperation and Competition Panel (See Below).

The SHA have considered the business case, whilst being assured that the proposal met the minimum 'test' requirements, they have flagged that there is additional work required relating to finance and clinical and quality outcome benefits. Both these items are being progressed and a response will be submitted to the SHA early November 2010.

3.5 Cooperation and Competition Panel (CCP)

One of the key stages in the assessment process is the consideration by the Co-operation and Competition Panel. The Co-operation and Competition Panel advises on the application of the Department of Health's Principles and Rules of Co-operation and Competition, and makes independent recommendations to the Department of Health, Strategic Health Authorities and Monitor, the independent regulator of NHS Foundation Trusts, on how cases should be resolved.

The Principles and Rules of Co-operation and Competition form the basis of the Department of Health's policy of managing co-operation and competition in the NHS in a fair, consistent and transparent manner. The principles and rules aim to ensure the NHS comprises providers who are best placed to deliver the needs of their patients and population, and that both providers and commissioners co-operate to foster patient choice and offer patients an experience of a seamless health service, regardless of organisational boundaries, whilst maintaining service continuity and sustainability.

A submission has been made to the CCP. Initial advice from the CCP is that the submission will require an in depth analysis as concerns have been raised regarding the potential lack of competition due to the reduction in NHS community providers in the South East region as they too go through merger processes. The CCP will assess whether the benefits of the Kent wide merger outweigh the potential loss of choice and competition. A formal response is unlikely to be available before end of February 2011 partly due to a backlog of cases submitted to CCP from around the country.

4.0 Next Stages

Significant progress has been made since the last HOSC with both PCT Boards and the DH agreeing in principle to the proposals. The next critical stages are:

- Initial consideration of business case by South East Coast SHA – November 2010
- Outcome of due diligence review of West Kent Provider Services – December 2010
- Outcome of CCP – February 2011
- SHA endorsement – March 2011
- Launch of Kent wide organisation – April 2011
- Progress towards Community Foundation Trust – April 2011 – December 2012(indicative)

5.0 Recommendation

HOSC are requested to note progress on the establishment of a Kent wide provider of community services. A further report will be submitted to the February 2011 meeting.

Paul Duncan
Interim Director, Business Development
Eastern & Coastal Kent Community Health NHS Trust

APPENDIX A

1. Executive Summary

- 1.1. The purpose of this document is to provide NHS West Kent (NHS WK), NHS Eastern and Coastal Kent (NHS ECK), NHS South East Coast (NHS SEC), the Department of Health (DH) and other key stakeholders with assurance and evidence to support the establishment of a Pan-Kent Community Services NHS Trust from 1 April 2011. The proposed name for the new trust will be Kent Community Health NHS Trust (KCHT).
- 1.2. KCHT will integrate community services already provided by West Kent Community Health (WKCH) and Eastern and Coastal Kent Community Services (ECKCS) to form an NHS provider of community services with approximately 5,600 staff and an income of nearly £200 million per annum on the date of establishment.
- 1.3. This proposal follows the assurance and approvals process outlined within the DH guidance on developing Primary Care Trust (PCT) provided community services. It will also adhere to the NHS Transactions Manual published in February 2009 which governs transactions such as acquisitions and disinvestments and is covered further in section 19. Whilst the main body of this document demonstrates the case for establishing KCHT, we have also completed the *Organisational Form Assurance Template* also summarises our response to the DH tests. This document along with a range of supporting documentation detailed in *appendix A5* is available on request. Each sub heading within this document contains a signpost relating to the specific DH test.
- 1.4. Prior to the establishment of KCHT and in line with national policy expectations, the DH has confirmed the establishment of ECKCS as a new NHS Trust on 1 October 2010, and then subsequently to seek approval to become a Community Foundation Trust (CFT) post April 2011. From October 2010, this new Trust will provide the platform for a solid business and governance model within which to further develop and integrate community services on a Kent-wide basis.
- 1.5. Catalyst for Transformation
We strongly believe there will be significant benefits in integrating community provider services to form a new entity from April 2011. These benefits will include:

Stronger Community Focus

A stronger community focus with locality working across the emerging GP commissioning clusters of Kent based on a community ownership model which we will progress in discussion with emerging GP consortia (see Fig 6).

Better services through sharing best practice

Better services for each local community by sharing best clinical practice across the region and recognising that each community provider has excellent models of clinical practice and innovation that we can potentially develop and share within the partnership arrangement. These include integration of children services, community nursing in primary care, intermediate care and research and audit work which will benefit patients in both West and East Kent.

More opportunities for staff learning and career development

A larger organisation will result in greater opportunities for all staff in both organisations. The new organisation will cover a community of nearly 1.4 million people and have over 5700 staff. Having such a large staff base will create savings in training costs, better opportunities for shared learning and future career opportunities.

A strong financial base

A strong partnership and integration of services will be better placed to withstand future economic pressures. The contract income for the partnership will be nearly £200m per annum which will allow us greater flexibility to make maximum use of our assets and minimise the joint impact of any possible loss of income from commissioners.

Integrated support services to deliver better value for money

An opportunity to improve value for money for tax payers and commissioners by sharing common support areas and back office functions. Both community providers need effective support services in order to deliver the best quality patient care at the front line. These include areas such as IT, Estates and Governance. We believe by sharing these services we can raise their profile and improve how these services are best delivered.

A strong base from which to take up future business and development opportunities

Integration will add weight and momentum to transformational change. A provider of this size and scope will be more able to be an active player in the local health economy and be able to respond more effectively to commissioner requirements. This will include not only being able to play a key role in collaborative working with neighbouring acute Foundation Trusts (FTs) and other providers, but also be a viable competitor for any new business that may arise in these markets. The new trust will also have the critical mass to become a robust CFT.

More choice for patients

Integration will provide wider access to services and wider choice to patients especially for those living on the current borders.

Streamlining of access to health and social care services

Integration opportunities across health, Kent County Council (KCC) and social care which could include the potential to realise the benefits of single assessment processes, personal health budgets across health and social care and providing a single point of access for referrals, carers and clients/patients to health and social care services.

Opportunity to grow new providers through business support

KCHT will be well placed to act as a 'service integrator', taking responsibility for provision across a whole pathway and to encourage new providers particularly those in the voluntary and third sector to provide services by offering business support and opportunities for integration.

Increase effectiveness in responding to emergencies

A new Trust with the critical mass of KCHT will be better placed to provide a more effective response to emergency planning needs, business continuity and risk management.

In order to ensure delivery of these benefits, we will produce a Benefits Realisation Plan (BRP) which will focus on delivery of measurable outcomes. An initial draft of BRP is provided in *appendix A4*.

1.6. Readiness to Accelerate Progress

KCHT will be in the best position to act as a catalyst for transformation based on what has already been achieved within the existing community provider organisations. Examples of what the organisations have already achieved include:

Quality Improvement

- Clinical service visions developed across all operational services which focus on delivery of improved patient outcomes with measurable performance indicators.
- Implementation of a five year Quality and Performance Strategy and, for West Kent, an agreed Quality Priorities Programme. Registration with the Care Quality Commission.
- Increasing capability and skill base of the workforce through a competency based framework for all grades of staff within adult nursing services.
- Organising services around care pathways and patients' needs, maximising the skills and knowledge of staff for the benefit of the patient and carers.
- Developed a Quality Improvement Support Service made up of clinicians who focus on patient safety improvement projects delivering quality improvements in the front-line services.
- Level 1 accreditation with the NHS Litigation Authority.

Service Integration

- Implementation of a Primary and Community Nursing Care Service, driven by an agreed commissioning strategy which embeds Primary Care Nursing Teams (District Nursing) (PCNT) and the new Long Term Conditions (LTC) Service (including Community Matrons and Specialist Nursing) in primary care enabling the coordination of community services around individual patient needs.
- 'Team Around the Child' services formed with integrated teams from Health, Social Care and Education providing a single point of access and single records.
- Community Nursing Services, on a locality basis, are working within a Primary Care-led Integrated Care Programme delivering ambulatory care.
- Delivery of Learning Disabilities, Community Children's Respite Nursing and Integrated Equipment Services under section 75 agreements with KCC.
- Development work with Dartford and Gravesham NHS Trust in creating an integrated community and acute paediatrics care pathway for young persons which improves clinical adjacencies and seamless access and throughput to the Children's Community Nursing and therapies teams.

Finance and Efficiency Improvements

- Both providers have had separate financial ledger since mid 2009, including separate hierarchies of accounts, separate bank accounts and cash management.
- ECKCS has undertaken the largest community staff activity study in England with 1,000 staff and 29,000 hours of activity analysed and made a number of changes in working practice as a result. The Community Nursing teams in ECKCS now spend 48% of their working hours face to face with patients; this compares favourably with the change delivered in those areas that piloted the Productive Community Services programme which achieved an increase from 21% to 35%.
- ECKCS launched a response to the quality, innovation and productivity and prevention challenge; Brainwave vs. Tidalwave. This has led to a strategy to drive down costs, push up productivity and release financial savings which is owned by all members of staff. As a result of suggestions made by staff and the introduction of e-rostering ECKCS has halved the spend on agency staff since August 2009.
- WKCH have developed a programme management office to lead on, currently, 15 QIPP programmes to transform care delivery, improve efficiency and quality and reduce costs. Agency spend has been reduced by 40% since September 2009

- Both provider organisations start from a sound financial base and are able to demonstrate an ability to meet the financial challenges that will materialise over the next five years through efficiency and productivity gains.

1.7. Managing the Transition

An Integration Board has been established with representation from key stakeholders whose main responsibility will be to provide leadership and strategic direction to the integration work and ensure services remain stable during the transition period.

This will include monitoring the delivery of the overall project plan and specific plans to fully separate provider community services from NHS WK, taking forward the outcome of the ongoing due diligence work and ensuring compliance with the processes required in the Transactions Manual.

The Integration Board will also ensure effective communication is undertaken with staff and key stakeholders during the transition phase.

1.8. Next Steps

The key milestones and indicative dates leading up to 1 April 2011 and beyond include:

- Engagement with key stakeholders including Health Overview and Scrutiny Committee, GPs, voluntary sector, LINKs and staff on the proposed arrangement. *August - September 2010*
- PCT Boards agree proposed business case for Pan-Kent organisation. *September 2010*
- NHS ECK Community Services become Eastern and Coastal Kent Community Health NHS Trust. *1 October 2010*
- Cooperation and Competition Panel assess business case for impact on competition and choice. *October - December 2010*
- NHS SEC consider proposed business case for Pan Kent Organisation – *November 2010*
- Cooperation and Competition Panel publish their recommendation. *January 2011*
- Endorsement from Department of Health. *January 2011*
- Undertake formal staff notification. *February – March 2011*
- Integration of WKCH into the new Trust to form Kent Community Health NHS Trust. *1st April 2011*
- Journey to Foundation Trust status including full public consultation. *April 2011 - December 2012 (indicative)*