

## **PUBLIC SERVICE TRUST FOR HEREFORDSHIRE**

### **1. Proposal**

To integrate local government services and the public health, planning and commissioning functions of the Primary Care Trust into a single, public service partnership, which would be called a Public Service Trust.

### **2. Rationale for Integration**

- Desire to develop integrated, streamlined services to achieve excellent status across all services that match customer needs and expectations
- Strong messages from government about alignment and integrated decision making, resource allocation, local accountability, patient choice and public involvement in health scrutiny
- Pressure on budgets for both the local authority and PCT make it essential to look at potential cost savings, especially managements/admin costs. Integration will bring economies of scale
- Response to the request from West Midlands Strategic Health Authority to develop even stronger working relationships between Herefordshire Council and Herefordshire PCT
- Pressure on both Herefordshire Council and Herefordshire PCT regarding their long term viability and autonomy because of the Council's comparatively low levels of funding, the relatively low levels of their budgets, the large geographic area to be served. And the need to retain capacity whilst containing management costs.
- Public and neighbourhoods expect more joined up working at a local level – this goes beyond just the Council and PCT
- Need to respond to government message of separating commissioning and direct provision of health services
- Need to make sure that the NHS works more closely with local government to ensure early support for prevention of risks to health and to bring the public health resources to bear across the public sector as a whole
- To further raise the established profile of Herefordshire regarding partnership working and innovation

### **3. Features and Benefits of the New Structure**

- Improved community needs analysis, strategic planning, performance management and budget planning
- Opportunity to align planning and budget cycles

- Integrated management reduces bureaucracy and provides opportunity for speedier response to meeting needs
- Greater integration of local authority and PCT services will strengthen the public health agenda and present new opportunities for effective interventions.
- Improved customer focus and services – bringing together “total well-being, prosperity and quality of life” solution for Herefordshire that packages health, education, housing, public safety, regeneration, environment, housing, transport and leisure services around the needs of individual customers and patients.
- Provides stronger financial controls and better value for money for taxpayers with savings on senior management costs as the Public Service Trust moves to a single management structure. Savings would be released for direct services.
- Opportunity to have improved services through a single point of entry leading to individual plans and possible individual budgets.
- There would be a single customer service point, single communication channel, single complaints system and a single consultation process.
- Opportunity to explore the merger of the national performance assessment of PCTs and LAs and to assess specifically the integration of commissioning.
- Co-location will be a key part of the strategy and this may create property cost savings.
- The plan is to put people more in control of their own health.
- The proposal will enable and support health independence and well-being.
- The aim is to provide rapid and convenient access to high quality, cost – effective care.
- Emergency planning and civil contingency planning would be merged bringing a better integrated and co-ordinated approach.
- With regard to commissioning and provision of direct services the following has been agreed:-
  - The PST should be a strategic commissioning body and only involved in direct provision where it is legally necessary or there is no alternative (see section 4).
- To ensure the Children’s Trust requirements can be met within the Public Service Trust ensuring better integration of services for the family and reductions in duplication.
- There will be strong links to the GP Practice Based Commissioning to ensure better integration of services and targeting and that GPs are able to influence commissioning.

- Improved expertise in commissioning and procurement will help to improve choice and achieve better value for money.
- Being held accountable, via a single Chief Operating Officer and Board, for delivering change in a more focused and robust way than partnership fora tend to provide.

#### **4. Separation of Commissioning and Provision**

The proposed PST will be a commissioning and planning organisation, and as such it would not be appropriate for service provision to be included except in exceptional circumstances. However, the joint discussions between the Council and PCT have identified potential for more joint provision of services. The PCT is exploring the options for the future of its own provider services, especially social enterprise models (NHS social interest “not for profit” companies) as discussions explore whether PCT and relevant Council provider services could come together in a separate “Social Enterprise”, commissioned by and working with the PST as a means of delivering service change.

Over time it is possible to envisage a scenario in which PCT and LA provider services sat within a separate social enterprise model, allowing remaining “parent” functions to be consolidated into the PST.

#### **5. Governance Arrangements**

The Public Service Trust will be a unit consisting of integrated teams, accountable to a PST Board, which in turn has lines of accountability to both the Council and PCT. It will be founded on the principles of joint appointments, co-location, and a single set of objectives it must deliver.

The PST governance model would be fully embedded into the decision – making and performance management structure of the Herefordshire Partnership and the Herefordshire Local Area Agreement. The new PST would subsume and replace all the current Section 31 Boards and could provide the overriding governance structure for Children’s Trust arrangements.

The Public Service Trust Board would have an equal number of members including The Chair CEO and executive members from the PCT and the Council Leader, CEO and Council members plus a Chief Operating Officer and a representative from the PEC.

The PST Board would act as a forum for sharing and formulating views on the strategic direction of services. During the setting up period a Shadow Joint Board will be co established. It would have no formal decision making powers delegated to it; and key decisions will continue to be made by the Council and the Primary Care Trust as appropriate.

Experiencing the work of the Shadow Joint Board over the coming months would allow both organisations to explore how a fully constituted Joint Board with delegated powers would best function.

Ultimately the PSB Board would have delegated powers from both the PCT Board and Herefordshire Council

## **6. Approach to Implementation**

The initial proposals presented to both the PCT and Herefordshire Council envisaged a two stage approach to implementation with the final implementation occurring from 1st April, 2008. As part of the Cabinet's consideration of the proposals, Herefordshire Council has indicated its wish to consider with the PCT the advantages and disadvantages of proceeding direct to the proposed 1st April, 2008 model from an earlier date. It is accepted that this would not be achievable by 1st April, 2007 but could be achieved by the half year point, i.e. 1st October, 2007.

Both or either will be subject to public consultation.

6A below sets out the two stage approach to implementation. 6B below brings forward the medium/long-term plans described in paragraph 6A and 9 to enable earlier implementation.

### **6A Two Stage Approach to Implementation**

The first stage of the integration is to merge all of the following services by 2007:-

#### **Herefordshire PCT**

- all service commissioning

#### **Herefordshire Council**

- most of Children's Services
- most of Adult and Social Care
- some Environmental Services
- some Customer Services
- Emergency Planning and Civil Contingencies

Existing posts will be maintained during the first year. Co-location and integrated team working will be the goal. They will work to the Chief Operating Officer of the Public Service Trust but will also retain accountability to the PCT and Council as required.

The second stage of integration will result in a full merger with a target date of 2008. The two CEO posts and the Chief Operating Officer would be replaced by one CEO accountable to the Public Service Trust Board, the PCT Board and Herefordshire Council.

(See Structure Charts attached Annexes 1 - 5)

### **6B Medium/Longer-Term**

The Council would like to consider with the PCT the potential implantation of the 1st April, 2008 model with earlier effect. This would involve the immediate

commencement of work on the identified workstreams. It would enable both the PCT and the Council to go out jointly to secure the appointment of a Chief Executive, potentially in the new year with a view to implementation from 1st October, 2007. It was felt to be important to produce comparative costings of the two models, given the initial indications of the lack of availability of pump priming funding. There would be a need to identify and commence work on the required workstreams which would have to be jointly resourced and project managed by the Council and PCT. Proceeding in that way would afford the opportunity to establish a single consistent managerial leadership of the programme which would then need to be supported by leadership from the PCT Board and the Council. It would also reflect the recent changes within the PCT and the evident and understandable indication that they wished to proceed rather more cautiously than had originally been intended. The elections May 2007 are also important in terms of establishing the future political leadership of the Council.

## **7. Budgets**

All relevant commissioning budgets for both the Council and PCT would be devolved to the PST – ideally as a single pot, using Section 31 flexibility. The PST Board would then be accountable to the Council and PCT respectively for those budgets against the delivery of an agreed plan. The PST should be well placed to take advantage of the aligned planning and budget cycle promised by central government for the NHS and LAs for 2007/2008

## **8. Accountability**

The Public Service Trust Board will be accountable to both the Council and PCT respectively for delivery of the PST's objectives, including financial balance and statutory responsibilities including the requirement not to act ultra vires. The seniority of membership of the PST Board is intended to support a high degree of devolved responsibility. Clear arrangements to deal with "failure to agree" will be needed.

## **9. Joint Management Team & Integration of Staffing**

In the short/medium term existing posts would remain but there would be joint management arrangements across a wide range of activities e.g. Children's Services, Public Health, Adult Services.

A majority of posts would report to the Chief Operating Officer of the PST to ensure better integration of services. In the medium/long term the number of senior management posts could be reduced to reflect the full integration of services. The medium/long term plan also envisages replacing the CEO of both the Council and PCT and the Chief Operating Officer of the PST with one CEO who would be accountable to both the Council and PCT as well as heading up the Public Service Trust.

Although it is the intention that operational responsibility for staff and services would be integrated, staff would remain employed by their current authorities and retain existing terms and conditions.

## 10. **Shared Services**

The PST provides an opportunity for the wider Council and PCT to share back office functions (whether outsourced or provided by one organisation for the other) to reduce costs and add value but it may well be more productive to consider there is the wider context of the Local Strategic Partnership.

The following services are proposed for more detailed consideration:-

ICT, Finance, Human Resource, Communications, Legal Services, Estates and Facilities, Transport, Procurement, Complaints, Information, Public Involvement and Public Relations.

Shared service arrangements could offer benefits regardless of the progress of the PST. The potential social enterprise organisation for provider services might provide a base for local shared services.

## 11. **Progress to Date**

- An outline proposal for the establishment of a Public Service Trust in Herefordshire has been agreed “in principle” by both the Herefordshire PCT Board and the Herefordshire Council Cabinet subject to final approval of the Partnership Agreement scheduled for February 2007.
- A Scoping Report has been completed which identifies the key challenges and puts all the issues into a more ordered form.
- A Governance and Leadership Framework has been prepared showing both the short/medium and medium/long term proposals. This report covers Board Membership and Senior Management Structure.
- A schedule of key dates has been prepared leading to a proposed start date for the PST of w/c 3/04/2007.
- Press release regarding PST proposals has been issued.
- Local MPs have been offered an opportunity to discuss the proposals.
- Herefordshire Council and Herefordshire PCT have identified development funding for the project.

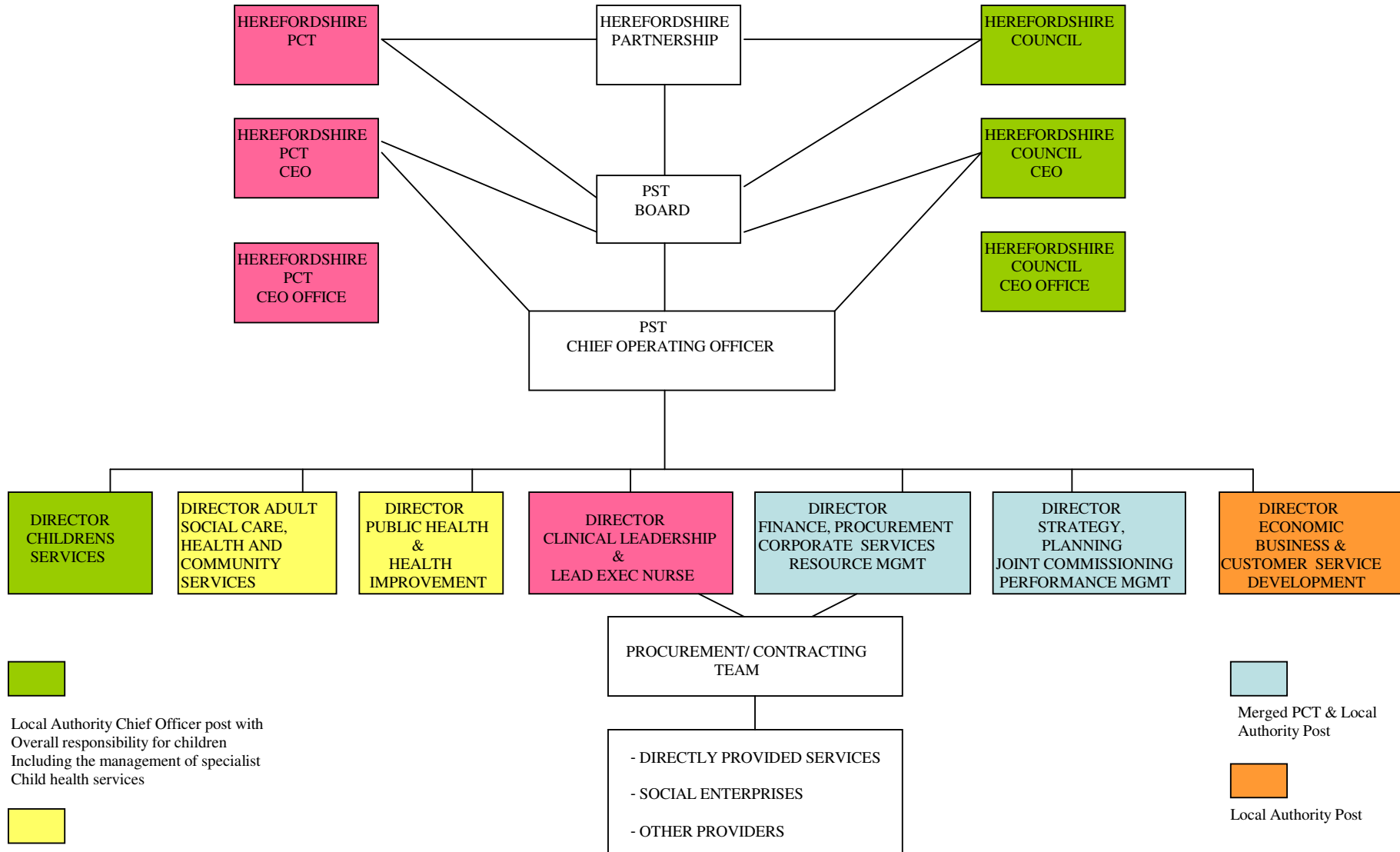
## 12. **Proposed Key Stages**

- Establish the arrangements for consultation with the key stakeholder groups and the arrangements for public consultation
- Identify and agree the required workstreams and define the leadership and accountability for the completion of those workstreams

- Establish the post of Project Manager operating within an agreed project management model reporting jointly to the Acting Chief Executive of the PCT and the Chief Executive of the Council
- Complete Risk Assessment
- Draft Partnership Agreement for approval
- Establish and agree arrangements for any approvals required from the Strategic Health Authority and/or freedoms and flexibilities that need to be established on behalf of either the Council or the PCT.
- Set appropriate dates for commencement, etc. which will depend on whether Model 6A or 6B is pursued.

# PROPOSED HEREFORDSHIRE INTEGRATED SENIOR MANAGEMENT STRUCTURE MEDIUM/LONG TERM

Annex 1



Local Authority Chief Officer post with Overall responsibility for children Including the management of specialist Child health services

Joint PCT/Local Authority post

PCT Post

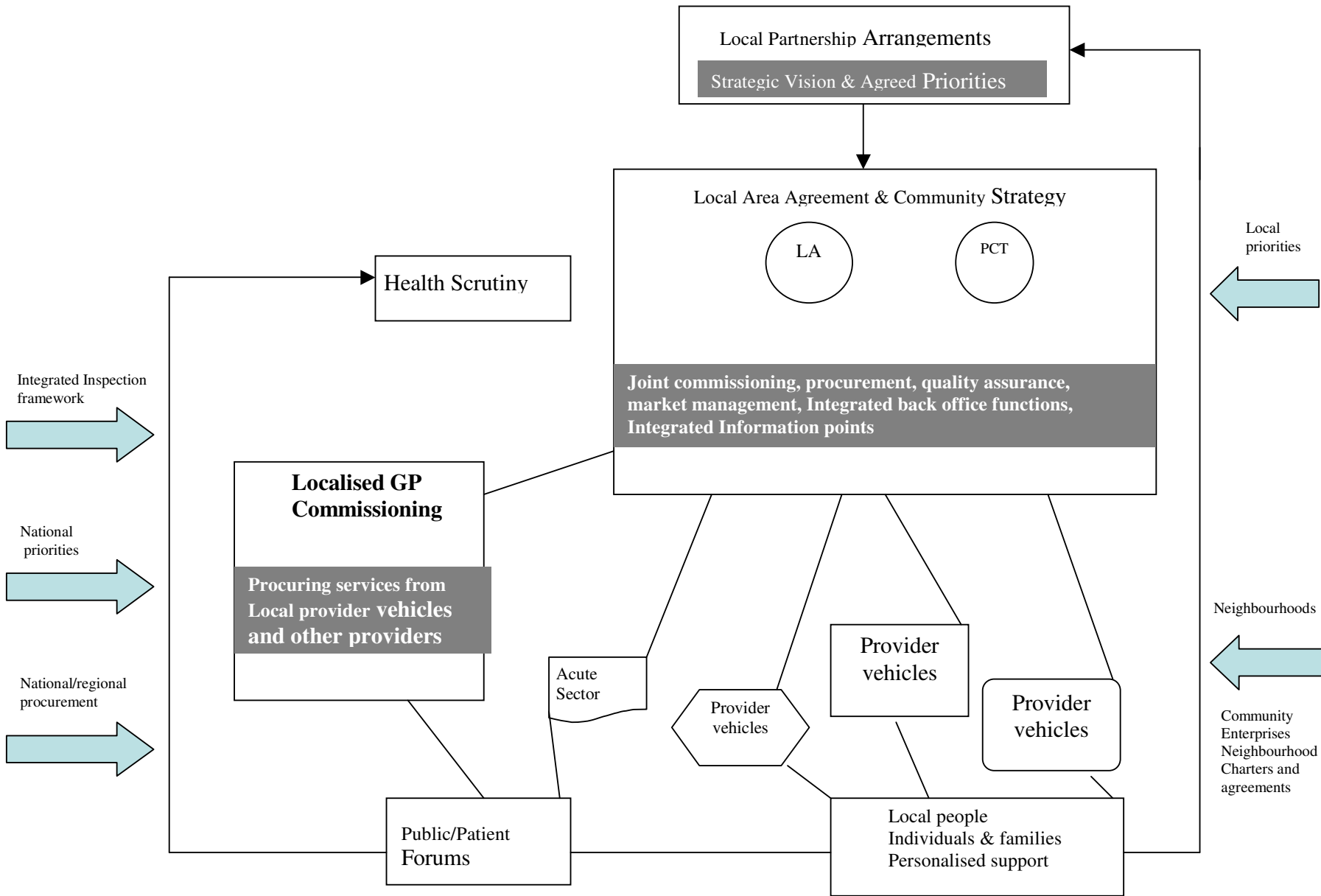
Merged PCT & Local Authority Post

Local Authority Post



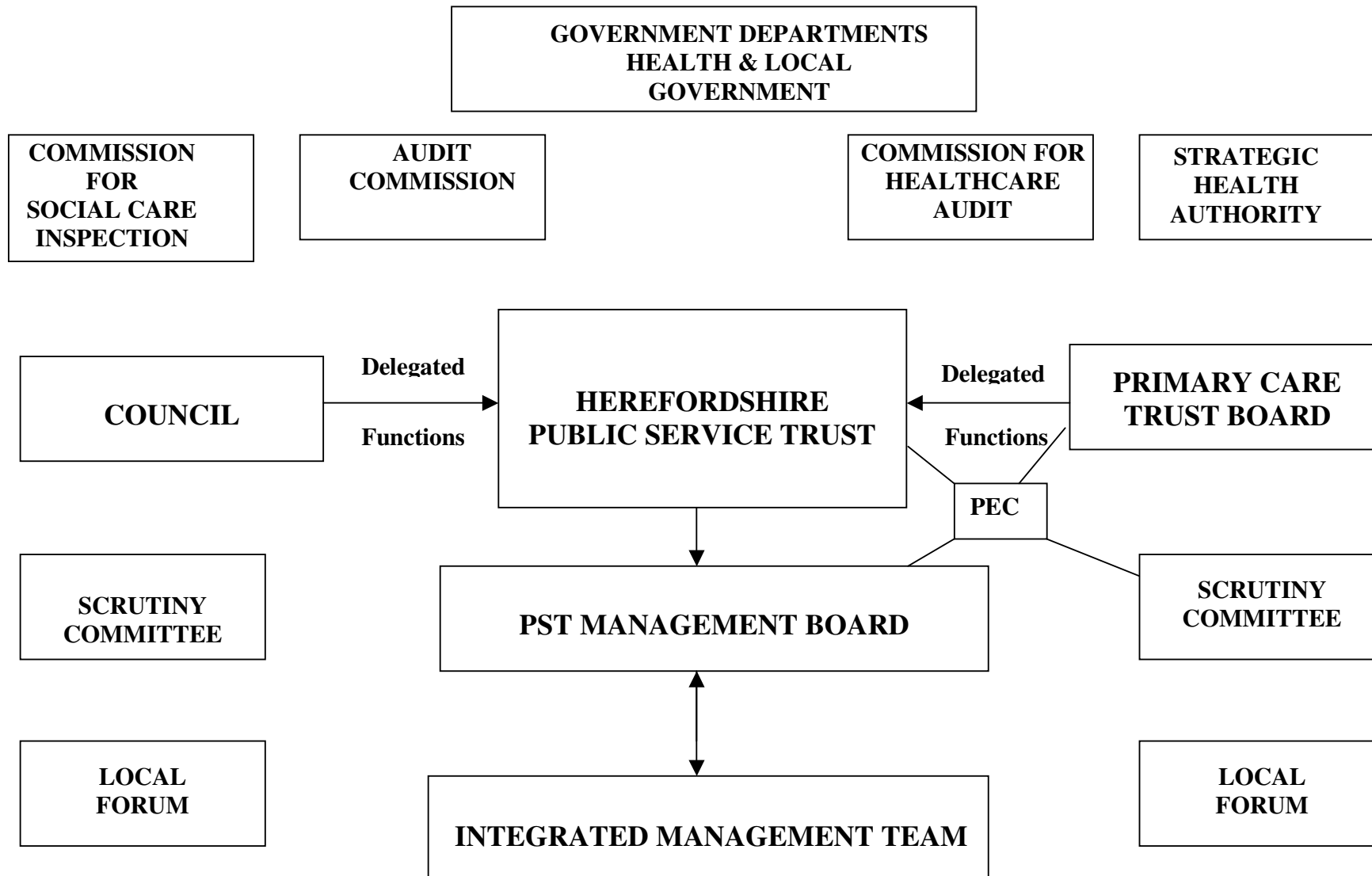
# PARTNERSHIP APPROACH

Annex 2

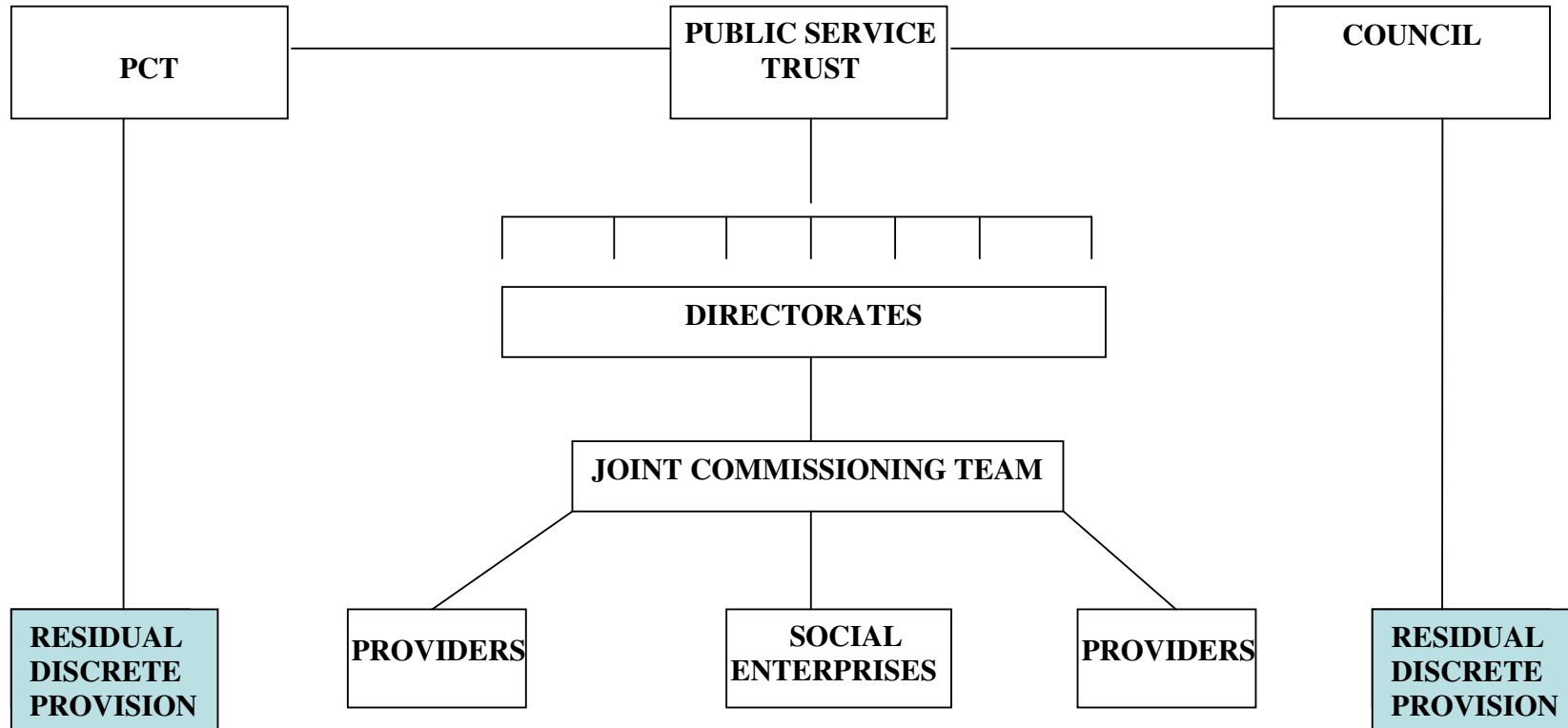


# OVERALL SCRUTINY

Annex 3



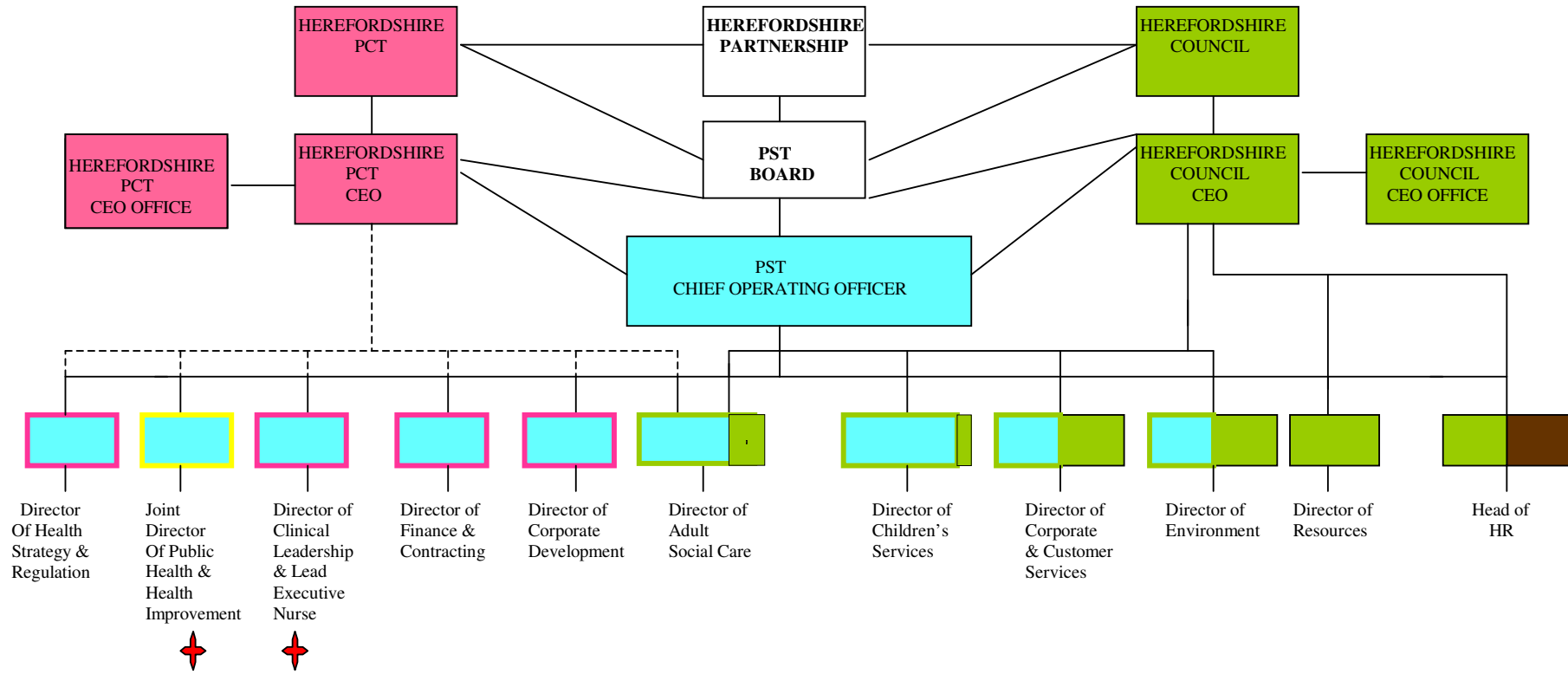
# COMMISSIONING/ PROVIDER MODEL



**RESIDUAL  
DISCRETE  
PROVISION**

- NO SUITABLE ALTERNATIVE
- LEGAL RESPONSIBILITY
- DISCRETE AND DISTANT
- WILL DIVEST ASAP
- EXCEPTION RATHER THAN THE RULE

# PROPOSED HEREFORDSHIRE INTEGRATED SENIOR MANAGEMENT STRUCTURE SHORT/MEDIUM TERM



**Funding Colour Codes**

- PCT Funding
- Joint Funding
- LA Funding
- LA Funding

**Accountability Colour Codes**

- PST & PCT
- PST & LA

**Joint Working PCT/LA**



If the newly appointed Director of Public Health has a clinical background, the clinical responsibility, listed under the Director of Clinical Leadership should transfer to the Director of Public Health

