

ALAN CURLESS & ASSOCIATES LTD

PUBLIC SERVICE TRUST – HEREFORDSHIRE

**GOVERNANCE AND LEADERSHIP
FRAMEWORK**

24TH SEPTEMBER, 2006

(Revised – 16th October, 2006)

DISTRIBUTION

**HEREFORDSHIRE COUNCIL
HEREFORDSHIRE NHS PCT**

REPORT PREPARED BY ALAN CURLESS

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MEETING: COUNCIL AND PCT BOARD MEETINGS HEREFORDSHIRE
(POSSIBLE DRAFT WHICH CAN BE ADAPTED ACCORDINGLY)

MEETING

DATE: TBA

TITLE: LOCAL AUTHORITY AND PRIMARY CARE TRUST
PUBLIC SERVICE TRUST

LIST OF ATTACHMENTS

- Appendix 1 - Public Service Trust Cabinet Papers 23rd February 2006**
- Appendix 2 - Herefordshire Council & Herefordshire PCT Integration Vision**
- Appendix 3 - Governance and Structure Proposals**

DRAFT

1 THE ISSUE

- 1.1 This report updates the report to the Herefordshire Cabinet dated 23rd February 2006 (see appendix 1) and seeks endorsement of the next steps in progressing integration -

2 RECOMMENDATION

The Council is asked to:

Note the emerging picture of integrated services as set out in section 7.

Endorse the proposals set out in section 9.

Note the implications of taking forward the integration process set out in sections 3 and 15.

3 FINANCIAL IMPLICATIONS

The integration arrangements will have to deliver value for money in their final form.

Savings will be dependent on developing future joint management arrangements, which are effective and efficient. However, this cannot be done in isolation from work in the wider health community where there are opportunities, for example, to share commissioning functions and technical expertise across a number of PCTs.

- 3.2 The PCT is required to make 15% cost savings by the end of the financial year 2007/2008, which equals to £1m - of which £400k has already been saved. Three areas have been proposed:
- (1) Integration of management arrangements with the local authority
 - (2) Development of shared commissioning of significant health services with other PCTs
 - (3) Sharing of back office functions with either other PCTs or the local Authority
- 3.3 The Health Act (1999) freedoms and flexibilities will be used to create the legal basis of the PST i.e Section 31 pooled budgets and lead commissioning arrangements. As far as I am aware the Act is the only legal toolkit available to achieve the required merger. A detailed Section 31 agreement will need to be negotiated and agreed before further integration, in particular the pooling of budgets, can be undertaken, or operational responsibilities for staff and services integrated.
- 3.4 This will require senior management and project management time and some external legal input in order to validate the agreement. The senior management time will be identified through the prioritisation of workloads, and the project management and legal costs can be funded from an Integration Project budget.
- 3.5 If the steps recommended in section 9 of this report are supported and are successful, both the Council and the PCT will need to consider contributing additional resources in order to realise the work programme set out in paragraph 15.11. In particular, additional resources to undertake the detailed HR and financial tasks will be required as well as additional funding for staff workshops, legal advice and other expenditure.
- 3.6 The extent of funding will depend on the pace at which the Council and the PCT Board wish to take forward integration, bearing in mind that there are advantages, as recommended in this report, to take a measured approach and allowing time for evaluation of progress and risk. However, an indicative total sum of TBA for 2007/2008 would enable significant progress to be made on the detailed work required.
- 3.7 In view of the likely resource commitment there will only be limited progress towards integration until a budget allocation from both organisations financial plans becomes available.

4 CORPORATE IMPROVEMENT PRIORITIES

The vision and principles of the integration project are to achieve improvement in health and well-being and reduce inequalities in Herefordshire through:

- (1) Maintaining an individual and community focus and promoting community development through local partnerships;
- (2) Joint ownership of the learning, health and social care agenda for children and adults;
- (3) Promotion of health and well-being through integrated public health services;
- (4) Retaining and developing local accountability for services.

4.2 This vision is aligned to achieving the Council's priorities in relation to children and young people, older people and the well-being of people living in Herefordshire. The draft vision statement is attached at Appendix 2.

5 BACKGROUND

5.1 Reports were presented to the Cabinet on the 23rd February 2006 and to the PCT Board (Date Required) setting out how integration of health, social care and education services could improve services for local people; how some services were already integrated; and outlining progress and emerging proposals.

5.2 On 16th May 2006 the Secretary of State announced that there would continue to be a separate PCT for Herefordshire. The decision was subject to conditions, particularly that PCTs deliver their share of a 15% cost savings, strengthen commissioning and ensure robust management of financial balance and risk. In addition the West Midlands South Strategic Health Authority indicated that they wanted to see even stronger working relationships between Herefordshire Council & Herefordshire PCT

5.3 Unfortunately, because of the delay caused through waiting for the announcement, little progress was made between February and June 2006. In order to progress the plan Alan Curless was appointed as an external consultant to produce a scoping report and possible organisational structure proposals.

6 WHY IS GREATER INTEGRATION AND JOINT COMMISSIONING BEING PROPOSED?

6.1 As previously reported the objective is to achieve as full integration as possible in order to:-

1. Realise the benefits and savings of joint commissioning/strategic planning
2. Improve the understanding of customer needs
3. Separate the role of strategic commissioning and provision wherever possible
4. Develop greater expertise in commissioning
5. Develop new social enterprises
6. Strengthen the provider network

7. Reduce gaps in provider network
8. Improve quality of provider network
9. Improve value for money
10. Better links with other commissioning bodies

a. As a result of this the following benefits will be achieved:-

- Improved access to services through single points of entry
- Greater, and better informed choice to users, patients, carers and their families
- Improved quality of service delivery through co-ordinated services
- Reduced incidence of cancer, stroke, mental health and chronic disease
- Improved life chances of children
- Improved independence and employment of adults.

7 WHAT IS THE EMERGING PICTURE OF INTEGRATION?

7.1 Although further work is necessary and additional detailed reports will need to be presented to Council, the emerging picture suggests the following could be key elements of any arrangement:

- (1) The scope of integration in the short/medium term should cover Adults, Children and Public Health (which encompasses all of the PCT's business); and other areas which have a natural linkage with this agenda. All PST priorities will need to be balanced against overall resources. In the medium/long term all resources could be included in the PST arrangements.
- (2) The key governance arrangements in the short/medium term would be a Joint Board made up of representatives from the PCT and the Council which would be responsible for the delivery of policies and targets specified by both parent organisations in the Adult, Public Health and Children's services areas;
- (3) The integration arrangements would be enshrined in a set of Section 31 (Health Act 1999) agreements with a maximum pooling of resources (acknowledging that there are some aspects of the PCTs responsibilities and budget – for example commissioning acute hospital care – which could not be pooled but which nevertheless could be managed together).
- (4) Joint management arrangements should apply as far as possible
- (5) As far as possible staff would remain employed by their current authorities and retain their existing terms and conditions.

7.2 In progressing the arrangements, both authorities will need to ensure that their ultimate responsibilities and functions are safeguarded. Any potential conflicts of interest that emerge need to be recognised and provision made through protocols to address them.

8 REQUIREMENTS

8.1 Achieving full integration of services is clearly a medium/long term project and will be dependent on satisfactorily resolving a number of issues which includes:

- (1) cost of establishing such an organisation verses benefits that will accrue

- (2) employment issues regarding the compatibility of terms and conditions and the need to adhere to statutory guidance in establishing some of the senior management posts
 - (3) practicality and cost of integrating systems, including finance and IT
 - (4) assessment and evaluation of risks including possibility of withdrawing from the arrangement
- 8.2 These issues will need further detailed attention and work during the next months, but there are some specific steps that can now be taken to advance integration at relatively low risk.
- 8.3 If integration does not come to fruition, the main risks are SHA reaction, some loss of credibility for both organisations, the opportunity cost resulting from the investment to date in developing the proposals, and some loss of confidence of staff in their leadership. The steps proposed present no financial risk to the Council.
- 8.4 The only proposal which is permanent is that of establishing a Joint Director of Public Health, which is in line with national policy. Either authority can choose to withdraw from any of the other arrangements set out in Section 9 below.

9 **PROPOSED NEXT STEPS**

- 9.1 The CEO of Herefordshire Council and CEO Herefordshire Primary Care Trust are now seeking approval for the next steps as follows:
- (1) Begin the development of a governance and leadership framework for integration through:
 - a) Setting up the Public Service Trust Board in shadow form;
 - b) CEO of Herefordshire Council and CEO PCT becoming jointly responsible for ensuring cohesion between and across Children, Adults and Public Health functions
 - (2) Establishment of a joint Management Team for Children's Services accountable to the PST and the Herefordshire Council CEO.
 - (3) Creation of the post of Joint Director of Public Health
 - (4) Establishment of a joint Management Team for Adult Services led by the Director of Adult Services accountable to both the PCT CEO and the Herefordshire Council CEO
- 9.2 The governance and leadership framework for this stage is set out in Appendix 3

10 **THE PUBLIC SERVICE TRUST BOARD**

- 10.1 The PST Board would act as a forum for sharing and formulating views on the strategic direction of services. As a shadow Joint Board, it would have no formal decision making powers delegated to it, and key decisions would continue to be

made by the Council and the Primary Care Trust as appropriate.

10.2 Experiencing the work of the shadow Joint Board over the coming months would allow both authorities to explore how a fully constituted Joint Board with delegated powers would best function. In order to do this the shadow Board would:

- (1) begin to develop the future role of the Joint Board through:
 - a) making recommendations to the two authorities on the future strategic direction of the adults, children and public health service
 - b) agreeing priorities and performance measures for those services
 - c) monitoring performance on a regular basis and recommending corrective action where necessary
- (2) Assume the responsibilities of the Integration Programme Board for the oversight of the Integration Project
- (3) Develop recommendations on a formal constitution for the Joint Board for the consideration of the PCT Board and the Council.

10.3 The Joint Commissioning Board for Mental Health and Learning Difficulty services would continue in being whilst the shadow Board was in place, but the final recommendations on the Joint Board would set out what arrangements would be set in place at senior officer level to ensure a continuing means of focussing performance management attention on mental health and learning difficulties and the other workstream areas within the responsibility of the joint Board.

10.4 The membership of the shadow Joint Board would be as follows:

- The Leader of the Council
- Two Council Members
- The Chair of the PCT
- Two Non-Executive Members of the PCT
- One member of the General Practitioner Practice Based Commissioning Executive (this is an addition to my first recommendation in the Scoping Report)
- The Chief Executive of the Council
- The Chief Executive of the PCT
- The Chief Operating Officer (when appointed)

10.5 The costs of the shadow board would be shared equally between the Council and the PCT; the budget for the integration work would be managed by the Project Manager under the direction of the Chief Executive of the PCT and Chief Executive Herefordshire Council in consultation with the Integration Programme Steering Group and the shadow Joint Board.

11 **THE ROLE OF THE PCT CHIEF EXECUTIVE**

11.1 The PCT Chief Executive would be responsible for:

- (1) PCT functions

- (2) work with the Director of Adult Services and Health to create arrangements for Adult Services (see Section 12 below)
- (3) ensuring cohesion between and across Children, Adult and Public Health Functions

12 CHILDREN'S SERVICES

There is scope under the new arrangements for joint commissioning/strategic planning of adult/children's service which are fit for purpose. There is much to gain from a joint Management Team for Children's Services. Child protection may need to be delivered in house but this should be checked with Government Office. Most other provision can be delivered externally e.g through Social Enterprise.

13 JOINT DIRECTOR OF PUBLIC HEALTH

- 13.1 It is national policy that the effectiveness of public health should be reviewed by the PCT in association with the local authority and that the appointment of a joint Director of Public Health is considered as part of that review
- 13.2 The aim is to make sure that health works more closely with local government to ensure early support for prevention of risks to health and to bring public health resources to bear across the public sector as a whole.
- 13.3 The two Chief Executives have agreed that a joint appointment be made. A national template for the job description and person specification has been published by the Department of Health.
- 13.4 The post will be professionally responsible to the Chief Executive of the PCT and managerially responsible to the Chief Executive of the PCT and the Council.
- 13.5 The Primary Care Trust could fund the post until a full Partnership Agreement and pooling of funds for joint posts is in place, (a current agreement for part funding of this post has been agreed by Herefordshire Council)

14 JOINT MANAGEMENT TEAM FOR ADULT SERVICES

- 14.1 The commissioning of some adult services (services for people with mental health problems and for people with learning difficulties) have already been integrated.
- 14.2 Health and social care services also work closely together in other areas, for example those concerned with services for older people and people with physical or sensory impairment. There is close co-operation, for example, in co-ordinating the discharge of people from hospital and other urgent case issues, and in undertaking the strategic planning and development of services. However, these services are not integrated in the sense of having shared management and service delivery teams.
- 14.3 The two CEOs now recommend that management of Adult Services is further strengthened through the creation of a joint management team led by the Director of Adult Services. This will provide the opportunity to manage jointly the wider health and social care agenda whilst exploring the opportunities for establishing a permanent joint management structure which will focus on strategic commissioning and planning.

There may be opportunities for integrated provision through a different mechanism across health and social care e.g. social enterprise

- 14.4 However, budgets will continue to be managed separately at this stage in order to minimise the financial risk to both authorities until a full Section 31 Partnership Agreement is in place.

15 IMPLICATIONS

Timetable

- 15.1 Although these steps are relatively straightforward and incur little risk for either authority, further work will be needed to implement the proposals – for example to ensure that the individual officers directly affected are afforded proper consultation arrangements.
- 15.2 It is therefore anticipated that:
- (1) The Shadow Joint Board will be in place by December 2006
 - (2) The Chief Executive of the PCT would assume a co-ordinating role for the Children, Adults and Public Health functions through the integrated management team when it is established. In the interim, the PCT Chief Executive will make links with the Local Authority management structures
 - (3) Joint management arrangements for Children's Services could be in place Winter 2006/2007. The objective will be to establish a single reporting role to the shadow Joint Board.
 - (4) The Joint Director of Public Health would establish as soon as possible utilising additional NHS funding for public health in 2007/08 to create the additional management capacity required to enable the Joint Director of Public Health to take on an extended role-currently the Choosing Health monies are fully committed within the LDP.
 - (5) The joint management arrangements for Adult Services will be in place in Autumn this year. Integrated arrangements are already in existence for mental health and learning difficulty services; the objective will be to establish a single reporting role to the shadow Joint Board this year for all adult services and have the joint management of the Adult Service fully functional by April 2007

Staff

- 15.3 Although it is the intention that operational responsibilities for staff and services would be integrated, staff would remain employed by their current authorities and retain their existing terms and conditions.
- 15.4 As integration is progressed, there will be a need to ensure that human resources policies are aligned to ensure as much coherence and consistency as possible across integrated teams. In particular, as vacancies arise, it will be necessary to review them in order to consider the most appropriate route for recruitment in order to ensure equality of opportunity for candidates.

- 15.5 Both the PCT and the Council have significant direct service provision. The direction of travel set by the Government is that there should be a clear separation of commissioning and direct service provision.
- 15.6 The development of individual budgets in social care, and the promotion of the choice agenda in both health and education are encouraging both the PCT and the Local Authority to see the provision of services separately from commissioning (that is, strategic planning, service design and specification and procurement).
- 15.7 The corollary is that there is now a very important role in developing the commissioning function and ensuring any commissioning from either the PCT or the Local Authority is as open and transparent for direct provision as it is for provision secured from independent providers.

Wider role of the team

- 15.8 As a consequence of integration, members of the integrated management teams will assume wider responsibilities as individuals than they currently have within the separate health, social care and education services. Individual officers may become responsible for securing a range of health, social care, and education provision in their remit, including in some instances, services for people outside the Herefordshire area – but not direct provision unless there is no alternative.

Next stage of integration

- 15.9 A detailed Section 31 agreement (or other mechanism) will need to be negotiated and agreed before further integration, in particular the pooling of budgets, can be, undertaken or operational responsibilities for staff and services integrated.
- 15.10 This will require senior management and project management time and some external legal input in order to validate the agreement. The senior management time will be identified through the prioritisation of workloads, and the project management and legal costs can be funded from the proposed Integrated Project budget.
- 15.11 This will also require the development of a significant work programme covering:
- (1) Governance – including some separate functions of the PCT
 - (2) Human resources – mapping staff roles, pay and benefits, policies and procedures, health and safety
 - (3) Clinical governance and policies/procedures
 - (4) Estates and facilities management
 - (5) Business planning and performance management
 - (6) Communications and marketing
 - (7) Information Technology and Management Information service
 - (8) Finance and payroll services

(9) Organisational Development Work Groups

(10) Equality and diversity

15.12 The Integration Programme Steering Group will not only be taking forward the main workstreams but also considering how back office functions can be integrated. To support this, the integration Executive Team will need to develop project plans and scope the resources required, as set out in the Alan Curless Scoping Report.

16 RISK MANAGEMENT

16.1 A risk assessment related to the issue and recommendations will need to be undertaken, in compliance with the Council's/PCT decision making risk management guidance.

17 RATIONALE

17.1 The recommendations will enable the Council to develop detailed proposals for the integration of services in consultation with partners and stakeholders in Herefordshire.

18 OTHER OPTIONS CONSIDERED

18.1 None

19 CONSULTATION

19.1 [TO BE DRAFTED FOLLOWING DISCUSSIONS WITH COUNCIL, PCT TRADE UNIONS, SHA ETC]

20 ADVICE SOUGHT

20.1 This report has been drawn up by Alan Curless in consultation with the CEO Herefordshire Council and CEO Herefordshire PCT.

20.2 The Council's Monitoring Officer (Council Solicitor) and Section 151 Officer (Resources Director) have not had the opportunity to input to this report at this stage.

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APPENDIX	1	Public Service Trust Cabinet Paper 23 rd February 2006
	2	Herefordshire Council and Herefordshire PCT Integration Version
	3	Governance and Structure Proposals

PUBLIC SERVICE TRUST FOR HEREFORDSHIRE

PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

23RD FEBRUARY, 2006.

Wards Affected

County-wide

Purpose

To consider proposal for a Public Service Trust for Herefordshire as a basis for further discussion if a Herefordshire Primary Care Trust continues as currently proposed in the consultation document

Key Decision

This is not a key decision because Council is not yet at the decision-making stage.

Recommendations

- THAT (a) the proposals for a Public Service Trust for Herefordshire be endorsed as a basis for further discussion with the Primary Care Trust, if a Herefordshire Primary Care Trust continues as currently proposed in the consultation document.**
- (b) a joint project steering group be established to develop detailed proposals for further consideration by Cabinet in the event that the proposal for a Herefordshire Primary Care Trust is supported by the Secretary of State for Health.**

Reasons

1. The West Midlands South Strategic Health Authority (SHA) is currently consulting on a reconfiguration of PCTs in the region, as a result of the Department of Health's "Commissioning a Patient-led NHS" proposals. These seek to establish larger PCTs with strengthened commissioning capacity, and to create a clear separation between provider and commissioning roles. The consultation includes a preferred option of retaining a Herefordshire PCT, but the SHA wishes to see how a relatively small stand-alone PCT can deliver the new requirements. Against this background, Council Officers and PCT Directors have considered the concept of a Public Service Trust (PST) for Herefordshire, aligning certain Council and PCT functions to create a larger Herefordshire entity with combined commissioning capacity. The SHA is interested to see further work on the PST.
2. These developments coincide with:
 - Restructuring of the Council's Children's Services and Adult and Community Services with separate commissioning and provider functions, and which is consistent with requirements on PCTs.
 - Increasing importance placed on the achievement of the objectives of the Herefordshire Partnership, and effective delivery of the Local Area Agreement.

Further information on the subject of this report is available from Stephanie Canham, Head of Social Care (Adults) on (01432) 260320

These factors make this a critical point at which to develop a Public Service Trust to build on the advantages of co-terminosity and joint work to date, with the added strength of providing a single vehicle to deliver on the Local Area Agreement and the Partnership's objectives.

3. On 8 March, SHA Directors will be meeting Council and PCT Officers to explore and test the fitness for purpose of PCT proposals, including the PST. After consultation ends on 22 March, the SHA will then be making recommendations about PCT configuration to the Department of Health.

Considerations

Progress to date

1. An initial proposal for a Public Service Trust for Herefordshire has already been submitted to the SHA with Herefordshire Council's "in principle" support. Since then, the Council's Corporate Management Board has considered further options for a PST, and Council Officers and PCT Directors have considered the proposals in more detail, as set out in this paper.

Policy Context

2. Recent central government policies relevant to this area all set a strong and increasing requirement for PCTs and Local Authorities to work in close partnership. These include children's Trust arrangements, the White Paper "Our Health, Our Care, Our Say, A New Direction for Community Service", Local Area Agreements and the emerging guidance on Local Strategic Partnerships. The Public Service Trust proposals here have been developed specifically to be an innovative and local solution to these policy drivers.
3. Children's Trusts are an important part of the Government's policy for improving Children's services. Children's Trusts are a requirement of Every Child Matters, the Children's Act 2004 and the National Service framework for Children, Young People and Maternity Services. Children's Trusts bring together all agencies and sectors that commission and deliver services for children and young people. They are based on common principles but there is no prescribed form and considerable local flexibility is encouraged to respond to local needs and opportunities. However, the DFES have provided a question and answer document on Children's Trust Governance, which provides useful guidance for establishing a local Children's Trust. This guidance indicates that Local Area Agreements and the Every Child Matters agenda should be mutually reinforcing. In Herefordshire the Children and Young People Partnership Board has agreed to develop into Children's Trust.
4. The new White Paper "Our Health, Our Care, Our Say: A New Direction for Community Services" (January 2006) sets many specific requirements for local authorities and PCTs to co-operate closely to support health and well-being. It anticipates more joint working in community needs analysis, commissioning and shared accountability arrangements. The White Paper tasks both organisations to take on a wider agenda covering community well-being, including services such as transport, leisure and housing as well as "traditional" health and care services.

Other key White Paper requirements for integrated working are:

- Joint strategic information pooling and needs assessments of the local

population.

- Possible joint appointments e.g. Director of Public Health (already applies) and Director of Adult Social Services.
- Public health resources integrated and brought to bear across the local public sector.
- Joint commissioning teams – working to new combined guidance from the Department of Health.
- National performance assessment regimes for PCTs and LAs to be merged, and to assess specifically the integration of commissioning.
- Aligned planning and budget cycles for the NHS and LAs from 2007/08
- A single complaints system for the NHS and Local Authorities.

All of this integrated activity is seen as taking place under the umbrella of the LSP as the “partnership of partnerships” and with the LAA as the framework for delivery. A Public Service Trust offers a real opportunity to step beyond current partnership working to a more radical and streamlined model in response to the White Paper.

5. The Herefordshire Local Area Agreement is currently under development and is one of 13 single pot agreements which are being negotiated for sign off in April 2006. The Local Area Agreement has four key themes which it is proposed will form the basis of the thematic groups supporting the revised Herefordshire Partnership structures. Following a comprehensive consultation process the Herefordshire Plan is being reviewed and new governance arrangements are being developed for the Herefordshire Partnership (Herefordshire’s LSP). The ODPM has also issued a consultation paper on LSPs entitled LSP “Shaping their Futures” which includes advice on the governance of LSPs. This paper proposes that LSPs should be the overarching partnership in a locality and that they should move from the role of advisory bodies to take on a more proactive role as commissioning bodies.
6. The Local Area Agreement process puts LSPs at the centre of negotiation, delivery and monitoring of the priority outcomes of a local area. It is proposed that the Herefordshire Partnership governance arrangements will be reconfigured around the four themes of the Local Area Agreement. The LSP guidance also suggests that Children’s Trusts should be the primary partnership vehicle for delivering the Children and Young People’s theme of the Local Area Agreement. The Public Service Trust proposal is based on the PST being fully embedded in the structures of the Local Strategic Partnership and LAA. It takes as the key content of the PST the “Children’s and Young Peoples” block (or theme) and the “Healthier Communities and Older People” block. Their inclusion would allow integrated working relationships between the Council and PCT within the single PST, and with potential at a later stage for considering further blocks for inclusion in the PST as the unit to drive and deliver implementation.

Local Context

7. Earlier papers to Cabinet about the PST have also highlighted:
 - The importance to local people of maintaining local accountability in the form of a Herefordshire PCT controlling local NHS resources, and of local unitary government.

- Past achievements of the Council and PCT in realising the benefits of co-terminosity. Besides joint structures and shared teams, some of the tangible examples include:
 - Jointly commissioning and funding a new Community and Social Care facility at Kington.
 - Joint development of the SHAPES programme offering exercise, lifestyle and rehabilitation programmes.
 - Integrated mental health, learning disabilities and other services.
 - Joint COMPACT with the voluntary sector.
 - Joint team working on public involvement for health and social care.
 - Primary care based/attached social workers.
 - Joint approach to emergency planning and health protection – tested to the limit by the Legionnaires outbreak.

Paragraph 12 sets out why the formation of a Public Service Trust can better meet the new and greater expectations of joint working, rather than simply continuing with current joint working arrangements.

The Public Service Trust **Role and Responsibility**

8. The Public Service Trust would bring together the Council's and PCT's broad commissioning (i.e. needs analysis, planning and contracting) into a single organisation to deliver the objectives of the LSP and LAA. It would not be a partnership forum, but a unit to implement actions, including the functions of:
 - Commissioning and planning, including recognition of locality needs.
 - Public health, and health protection/promotion.

In addition there is scope for the Council and the PCT to explore joint corporate arrangements for performance management and public and service user involvement/information in the wider context of the LSP.

A recent paper by the Local Government Association (“The future of health and adult social care – a partnership approach for well-being”) strongly supports the integration of these functions for Councils and PCTs.

The unit would take responsibility for all relevant aspects of these functions for the PCT and Local Authority in their entirety, to avoid duplicating skills and teams back in the “parent” PCT and LA. Accountability would rest in the PST Board, and from there back to the Council and to the PCT Board (paragraphs 13 to 15 and Appendix 1 describe governance arrangements).

The PST will be responsible initially for services and issues relating to the two LAA “blocks” of:

- Children and young peoples’ services
- Healthier communities and older people

These blocks do not operate in isolation and it will be essential to ensure there are appropriate links with a range of other services such as:

- Leisure, housing, transport and environmental services as they relate to the well-being and health of communities, and the LAA.

The Council will wish to ensure sufficient focus on these areas within the PST, especially in the light of the need to address performance and budget issues here. It will also be essential to sustain closer integration of children's social care with education services, and closer integration of adult social care with community services.

It is proposed that alongside work to establish a new PST, potential additional content is explored, to test whether additional LAA blocks, and broader PCT or Council functions might be added, to streamline functions and avoid wasteful duplication. This work will also need to consider implications for other LSP partners.

9. The proposed PST is a commissioning structure, and as such it would not be appropriate for service provision to be included, however the joint discussions have identified potential for more joint provision of service. The PCT is exploring options for the future of its own provider services, especially social enterprise models (NHS social interest “not for profit” companies) as described in the White Paper. It is proposed that future joint 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 provider services sat within a separate social enterprise model, allowing remaining “parent” PCT functions to be consolidated into the PST.

The PCT has had discussions with the SHA and other NHS mental health providers about forming a Foundation Trust for mental health. However, the Council would also be interested to explore if a joint provider service vehicle could provide an innovative means of delivering mental health and learning disability services with joint local management within the County.

The Vision of the PST

10. Our vision is that the PST will support and improve the health, well-being and prosperity of Herefordshire people. It will be more effective at delivering this agenda by bringing together the commissioning of a wide range of relevant services in one organisation, sharing resources and integrating our approach.

Benefits

11. A Public Service Trust should only be pursued if it offers clear benefits for the public, service users, patients and carers. Key benefits to be realised include:

- Creating a more effective force to sustain and develop a vibrant local economy, and deliver the targets of the LAA.
- Providing stronger commissioning of services for the public, by combining scarce commissioning capacity, with the aim of improved performance and better outcomes for individuals and communities.
- Providing stronger market management and more opportunity to develop innovative provision through joined-up commissioning.
- Opportunities for better value for money and cost savings by combining resources/sharing services (see paragraph 19).
- Creating a formal governance arrangement to deliver:
 - Children's Trust arrangements.
 - Public health joint programme.
 - Key parts of the LAA.
 - A mechanism for GP practice based commissioners to work with commissioners of broader services, beyond health. A HPST could, for example, develop annual accountability agreements with practice based commissioners including public health targets.
- A “rural proofed” solution to achieve viable services for relatively small rural populations, distant from other population centres, by combining LA and PCT commissioning requirement (e.g. Kington Court).
- Potential for an integrated team working on public engagement and information within the broader context of the LSP– more opportunity for the public to talk to and have a voice with joined-up local services, and to develop the links between public service information, public health requirements, and community development work.

Public Service Trust versus Partnership Working - Beyond Partnership Fora

12. In theory, at least some of the benefits listed above for the PST could be achieved simply by partnership working. However, experience strongly suggests that an integrated unit will be more effective, especially in:
- Potential for clearer and more targeted working, via work taking place in one unit, rather than requiring ongoing duplication between two organisations.
 - Stronger information pooling and needs assessment, leading to better understanding of overall priority issues. In turn this should lead to better services and improved health and well-being. The Director of Adult and Community Services, Director of Children's Services and Director of Public Health will be the key individuals in the PST tasked with this.
 - 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.
 - Providing a single commissioning focus which practice based commissioners can link with, over social care and various well-being related services, and which recognises locality needs.

- Opportunity to unify and clarify currently disparate Section 31 arrangements, and strengthen the resources needed to deliver the services including reviewing the financial and service risk sharing arrangements.

How will the PST deliver the benefits?

Governance Arrangements

13. The PST will be a unit consisting of integrated teams, accountable to a PST Board, which in turn has lines of accountability to 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. Although the PST is a technically “virtual” organisation rather than a statutory one, almost all individuals in the PST would have all their time allocated there, rather than being split between the PST and either the Council or PCT.
14. The PST governance model needs to be fully embedded in the decision-making and performance management structures of the Herefordshire Partnership and Herefordshire Local Area Agreement. This has been taken account of in these proposals. The new PST Board could subsume and replace the current Section 31 Boards, and could provide the overarching governance structure for Children's Trust arrangements. Resolving this detail features in the attached action plan (Appendix 2).
15. Three options for governance are set out in the appendix, with discussion of the pros and cons of each. Cabinet is asked to support Option 2, to be taken forward for more detailed working up.

Budgets

16. All relevant commissioning and public health budgets would be devolved to the PST, using Section 31 flexibilities. The PST Board would then be accountable to the Council and PCT for those budgets against the delivery of an agreed plan (see below). 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 2007/08.

Accountabilities/Failure to Agree

17. The Public Service Trust Board will be accountable to 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. Accountability mechanisms need to be developed in detail, but are likely to focus on the agreement with the PCT and Council of, a three-year plan combining the LAA and the Local Delivery Plan. The promised alignment of central planning cycles and commissioning guidance for Councils and PCTs should facilitate this.
18. Clear arrangements to deal with failures to agree are needed. Current Section 31 agreements provide a basis to build on, including an escalation/arbitration procedure involving the SHA and Council Chief Executives, and a protocol for dealing with financial problems which takes into account the organisations' proportional contributions.

Shared Services

19. 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 these in the wider context of the LSP.

The following services are proposed for more detailed consideration:

- ICT
- Finance
- Human Resources
- Communications
- Legal Services
- Estates and facilities
- Transport
- Procurement
- Complaints
- Information/public involvement/public relations.

Shared services arrangements could offer benefits regardless of the progress of the PST, and it is therefore recommended that they be explored in any event.

The potential social enterprise organisation for provider services (see paragraph 9) might provide a base for local shared services.

Next Steps

20. The next key milestones are:
- 8 March 2006: Meeting of Council Officers and PCT with the SHA, to assess support for and fitness for purpose of the Public Service Trust.
 - April 2006: Decision regarding Herefordshire PCT Public Service Trust.
 - 1 October 2006: New PCT with affordable structure to be in place.
 - End 2008: All PCT management cost savings to be achieved.

Risk Management

Key issues are:

The formation of the Public Service Trust represents the best safeguard currently against the risk of loss of local Herefordshire decision-making and accountability on health matters.

Appropriate joint project planning and management will be essential to ensure the robust formation of the PST.

Consultees

Background Papers

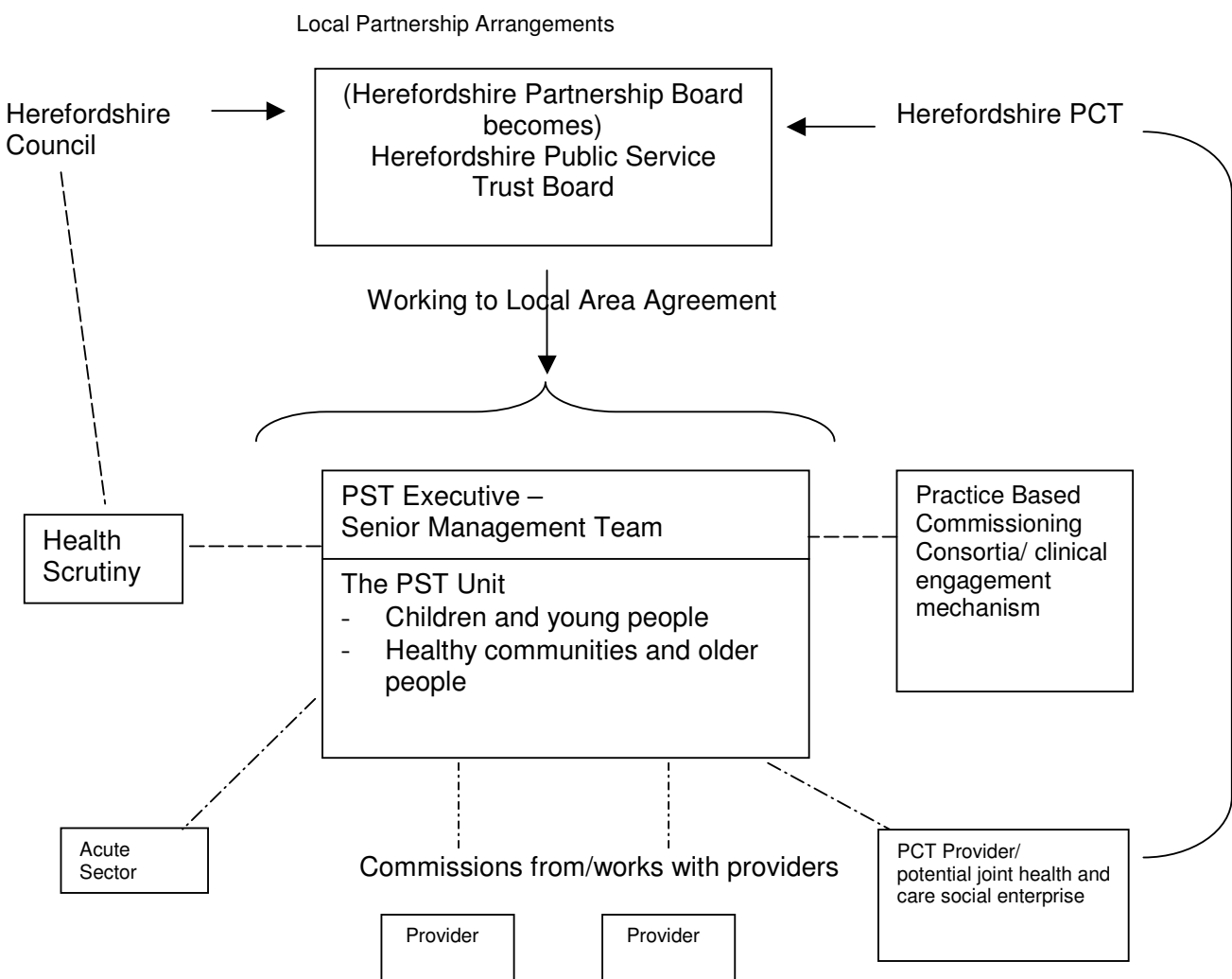
- Appendix 1 - Governance Options
Appendix 2 - Action Plan

PUBLIC SERVICE TRUST (PST)
THREE OPTIONS FOR GOVERNANCE

Three options are presented here, of which Option 2 is the recommended option.

Option 1

- Structure consistent with and under umbrella of, local partnership arrangements.
- The current Partnership Board in its entirety becomes the Board of the Public Service Trust, which then forms a separate organisation with a senior management team, and consists of unified, jointly appointed teams from Council and PCT.
- Accountability is from the Council and PCT to the Partnership (now Public Service Trust) Board i.e. as now.
- Overview and Scrutiny Committee scrutinizes the PST.
- Clinicians and practice based commissioners work with the PST (exact mechanisms to be identified).
- The PST commissions services from a range of providers. One option could be a new joint social enterprise organisation, including PCT provider services and social care provider services.
- The two Local Area Agreement “blocks” of children and young people, and healthy communities and older people, form the basis of the PST’s work.



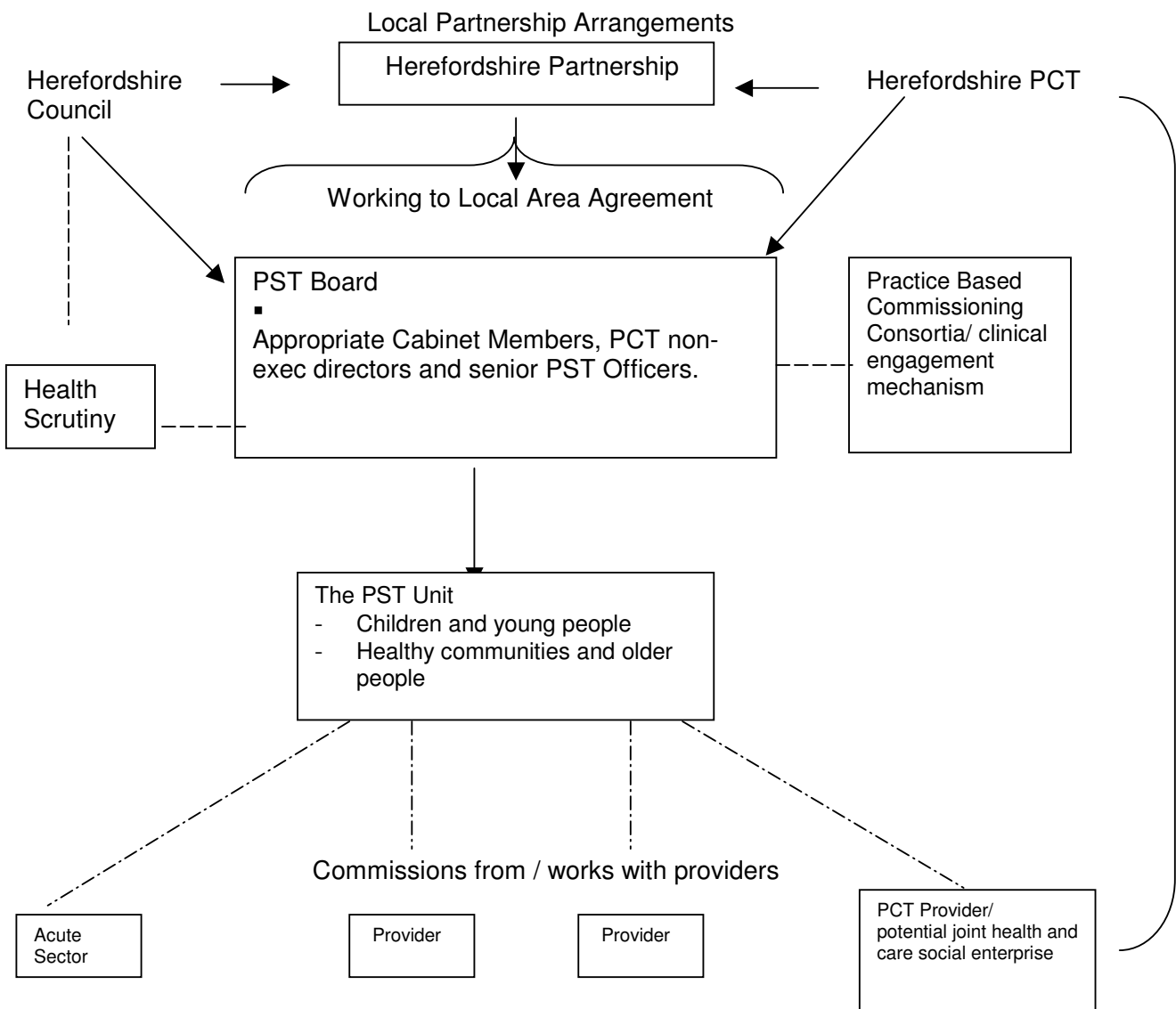
Pros and Cons

- Many organisations on the Partnership Board are not Herefordshire-coterminous.
- Some have lesser degrees of responsibility for the core remit of the PST.
- PST is likely to be more effective as a new organisation if focuses initially on key functions and therefore key stakeholders, and develops a longer-term plan for wider inclusion.
- Therefore this is not a preferred option.

Option 2

As per Option 1 but the key difference is that the PST now has its own Board drawn from the Council and PST, rather than the much wider Herefordshire Partnership Board acting as PST Board. However, the PST is still firmly embedded in Partnership arrangements. The Board consists of key elected members (Cabinet members for children and adults), Non Executive Directors and jointly appointed senior managers, including a Chief Operating Officer. Those senior managers lead jointly appointed, unified teams in the PST. Accountabilities are still from the PST Board to the Council and PCT.

Other points as in Option 1.



Pros and Cons

- Sufficient for governance but remains streamlined.
- Requires appropriate membership to reflect Children’s Trust requirements and subsume Section 31 Boards.
- Sufficient seniority to allow substantial delegation.
- Preferred option.

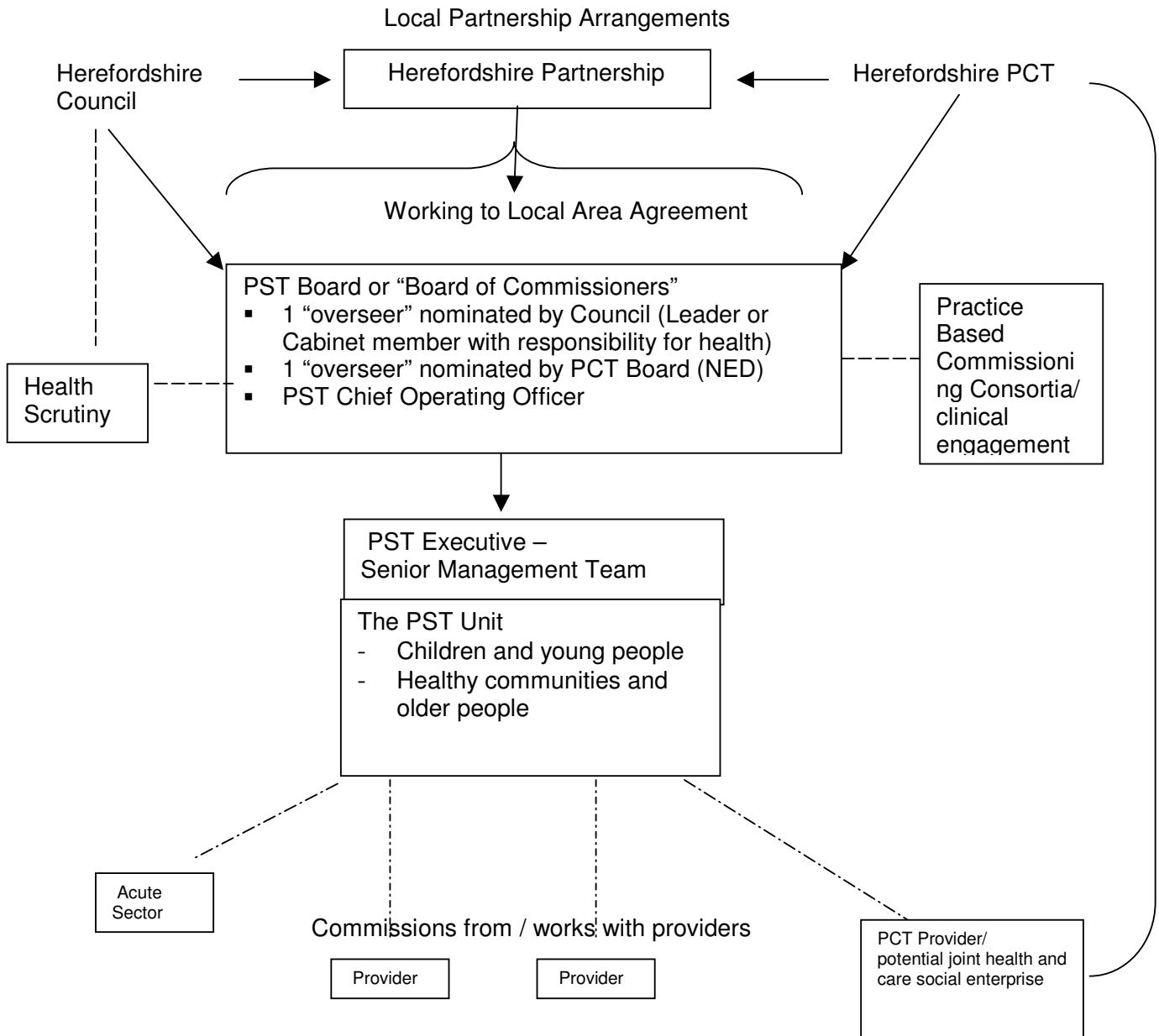
Option 3

As above but the PST Board or “Board of Commissioners” consists of a very streamlined structure of three individuals i.e.:

- One Council representative (e.g. Council Leader or Cabinet member with responsibility for health)
- One PCT representative (e.g. Chairman or other Non Executive Director)
- Jointly appointed Chief Operating Officer

The PST then has an Executive formed of senior, jointly appointed managers who lead unified, jointly appointed teams in the PST Unit.

Other points as in Options 1 and 2.



Pros and Cons

- Very streamlined but does Board offer enough governance assurance given numbers?
- Significant burden on small number of individuals. Concerns about realism especially if the individuals concerned were the Council Leader and PCT Chairman, with their other responsibilities.
- Could lead to additional recourse (and duplication) back to Council and PCT compared to Option 2.
- Therefore this is not a preferred option.

Action Plan for Implementing Herefordshire Public Service Trust

Key Area	Action	Timescale
ADDRESSING FUNDAMENTALS		
1. Adopt signals of commitment	Joint consideration of all related posts over £35k for joint appointment; jointly look for available co-locations	Immediate
2. Project arrangements	Establish Project Steering Group, project structure and project plan	March – April
3. Staff engagement	Develop structured plan, including regular briefings and inclusion in working groups	March
4. Stakeholder engagement	As for staff, with other LSP partners, practice based commissioners, clinicians, etc	March
5. Audit	Audit current work, including contracts, providers, work in progress, teams	March – April
6. Needs assessment	Work jointly on information sharing and needs assessment	March & ongoing
7. Self-assess capability	Agree and apply diagnostic tools/benchmarks to take stock	April
8. Shared services	Develop plan to review all relevant services/plan sharing	April
SHAPING THE NEW ORGANISATION		
9. Governance	Confirm detail of governance structures, including fit with Section 31s, Children's Trust arrangements and clinical engagement	March - April
10. Strategy	Set out and validate strategy assumptions – confirm strategy and key objectives	April - September
11. Information	Audit information availability and systems – plan integrated approach	April – September
12. Finance	Establish finance and budgetary systems	April - September
13. Performance management	Establish performance management systems	April – September
14. Accommodation	Identify preferred accommodation solution and explore options	April – September
MANAGING TRANSITION		
15. Posts	Identify and fill most senior posts	June – July
16. Transition	Establish a team to handle practicalities of transition	June – July
17. Practicalities	Handle staffing, location, set-up issues	June – September
BUILDING ORGANISATIONAL CAPACITY		
18. Board	Establish new Board and address board development needs	September
19. Management Team	Determine roles; confirm team structures; address development needs	September
20. Culture	Develop a structured development programme to promote integrated working from all staff. Ensure the culture supports this	October onwards
21. Stakeholders	Develop and review links – including clinical engagement and links to LSP partners	October onwards
22. Functions	Review and address development needs of key functions – commissioning, public health, etc	October onwards

Herefordshire PCT and Council Integration

The Vision

To help individuals achieve their potential and improve health, well-being and prosperity and reduce inequalities, in Herefordshire through:

- Maintaining and promoting community development whilst responding to individual needs
- Joint ownership of the health, social care and education agenda
- Achieving best outcomes for children and adults through integrated services
- Promotion of health and well-being through integrated public health service
- Retaining and developing local accountability for services
- Promote ways of working that recognise the contribution that the breadth of skills and talents that our workforce bring to delivering services

This will help to:

- Improve the health of everyone so that it is shown to be as good as it can be and to reduce the gap between those with better and poorer health in the community.
- Give children the help they need to do better in life than they ever thought they could
- Provide seamless service for adults and communities consistent with the principals of the White Paper “Our Health, Our Care, Our Say”.
- Support parents, carers and people in the community through the partnerships between the Council, the PCT, voluntary and private organisations and other stakeholders.
- Enhance local skills to enable disadvantaged groups such as the disabled to return to or be maintained in work.
- Underpin regeneration and employment through access to good under fives services, education, youth services, health, housing and social care services.

And specifically will deliver integrated services that have characteristics such as:

- Single points of access
- Unified care management
- Clear pathways to care

And which:

- Is responsive to individual needs
- Is founded on locality partnerships to facilitate the contribution of schools, GPs, the voluntary sector and other partners to develop community services
- Acknowledge the value that differing staffing perspectives bring and develop appropriate networks of support that both recognise difference and unify approaches.

And has:

- Strong links to other services such as leisure, housing, environment and transport.
- No unnecessary organisational and professional barriers to effective ways of working whilst maintaining and developing best practice initiatives which help deliver optimum service user outcomes.

Principles

To achieve the vision, the Council and the Primary Care Trust have agreed:

- To develop a Partnership Model of working, with the establishment of joint objectives, and single system of strategic planning, performance management and single management structure
- To focus on developing an integrated commissioning structure which will:
 - Promote participation of local people
 - Identify the strategic education, health and social needs of the people of Herefordshire
 - Develop strategic commissioning plans to meet those needs
 - Combine the resources to fund and secure the service
 - Performance manage the delivery of the service commissioned, in order to ensure that desired outcomes are achieved and to develop services to meet new needs as they are identified.
- To create integrated operational provider services which can respond to:
 - The development of individualised budgets
 - The promotion of extended services for children and local communities through local area partnerships
 - Contestability and plurality of provision
- To combine and develop the knowledge and skills of staff from both the Local Authority and Primary Care Trust, and partner agencies and providers to help support integrated service delivery, aligning policies and procedures so far as is possible whilst retaining contractual terms and conditions.

Public Service Trust for Herefordshire Governance and Leadership Framework

1 Background

An initial proposal for a Public Service Trust for Herefordshire has already been submitted to the Strategic Health Authority with Herefordshire Council's "in principle" support. The initial proposal considered three options:-

Option 1 – Herefordshire Partnership Board becomes Herefordshire Public Service Trust Board - Board too wide

Option 2 – Public Service Trust has its own Board drawn from the Council and PST - still embedded in Partnership arrangement

Option 3 – Public Service Trust Board or "Board of Commissioners" - very streamlined model but not enough governance assurance

When the initial proposal was considered Option 2 became the supported option.

- 1.1 A more detailed report was then considered by the Council's Corporate Management Board, PCT Board and PCT Directors. However, the next key milestones, identified in the report, were delayed pending the outcome of the review of PCTs. Once it had been agreed that the Herefordshire PCT would continue as a stand alone PCT the detail planning and development plan for establishing the PST could begin.
- 1.2 On 20th June 2006 Alan Curless was appointed as an outside consultant to produce an initial piece of scoping work. The object of the scoping work was to identify the challenges in setting up a Public Service Trust, to put the issues into a more ordered form; and to arrive at a measured conclusion as to what would be required to take the project to the end of Part 2 of the development, which would be an initial worked through proposal.

2 Scoping Report

The Scoping Report was completed in early August and contained the following sections:-

- Vision Statement
- Proposed Public Service Trust Governance arrangements
- Proposed Programme Board & Steering Committee, & Terms of Reference
- Detailed list of Key Issues & Challenges & Possible New Model
- Suggestions for the content of the Initial Proposal which would need to be approved by both Herefordshire Council & Herefordshire PCT before draft of Partnership Agreement
- Suggestions for the content of any Partnership Agreement for the new Public Service Trust

- 2.1 A meeting was then arranged between Neil Pringle CEO, Herefordshire Council, Paul Bates, CEO Herefordshire PCT and Alan Curless to discuss the findings and recommendations in the report.

It was agreed at the meeting that the scoping report had identified the potential to develop a more radical approach than the previously approved in “principle” Option 2. There were also concerns that the Option 2 model might not provide sufficient cost savings. Alan Curless was then asked to produce a new more ambitious model for the proposed Public Service Trust showing a revised integrated senior management team structure.

A copy of the proposed structure is attached at annex 1-1d.

- 2.2 Following receipt of the new proposed structure a meeting was arranged between Roger Philips, Leader of Herefordshire Council, Ted Wilmot, Current Chair Herefordshire PCT, Joanna Newton, Chair Designate Herefordshire PCT, Neil Pringle, CEO Herefordshire Council, Paul Bates, CEO Herefordshire PCT and Alan Curless.

The outcome of the meeting was as follows:-

- To accept the new proposed structure as a possible model
- To consider the implications of recent changes at Herefordshire PCT and the potential local authority elections in 2007
- To ask Alan Curless to propose a further possible management structure model that could be used as a stepping stone to the new model once the personnel and political changes have been resolved
- To ask Alan Curless to propose a list of criteria which should be used to consider any strategic options review
- To prepare a background paper which could be used for Herefordshire Cabinet and Council meetings, Herefordshire PCT, Board Meetings, Herefordshire Council and Herefordshire PCT Senior Management Meetings, Meetings with Government Office and Strategic Health Authority
- To inform the joint Senior Management Teams of the proposals on 26th September 2006
- To inform Government Office West Midlands and Strategic Health Authority of the proposals on 19th October 2006

All the above points have been actioned

A copy of the proposal criteria to be used for any strategic option review is at annex 2

A copy of the alternative proposed structure and individual portfolios are at annex 3-3a

A copy of a mini options appraisal is at annex 4

HEREFORDSHIRE PUBLIC SERVICE TRUST **PROPOSED SENIOR MANAGEMENT STRUCTURE**

1. Introduction

This paper considers some of the driving forces for change and explores the management structure arrangements which will ensure that the proposed Public Service Trust is fit for purpose.

2. Driving forces for change

- a) Restructuring of the Council's Children's Services and Adult and Community Services with separate commissioning and provider functions, and which is consistent with requirements on PCTs.
- b) Increasing importance placed on the achievement of the objectives of the Herefordshire Partnership, and effective delivery of the Local Area Agreement.
- c) The need to build on the advantages of co-terminosity and the joint work done to date .
- d) The added strength of providing a single vehicle to deliver on the Local Area Agreement and the Partnership objectives.
- e) Recent central government policies relevant to this area all set a strong and increasing requirement for PCTs and Local Authorities to work in close partnership. These include Children's Trust arrangements and the White Paper "Our Health, Our Care, Our Say, A New Direction for Community Service," Local Area Agreements and the emerging guidance on Local Strategic Partnerships.

The White Paper "Our Health, Our Care, Our Say," envisages a new strategic direction for the care and support services that people use in their local communities that:-

- puts people more in control of their own health and care - with their actions and choices driving improvement.
- enables and supports health, independence and well-being, building on the programme for health improvement set out in "Choosing Health."
- provides rapid and convenient access to high-quality, cost-effective care, meaning a shift in the balance of provision and how local services are provided.

The Public Service Trust proposals have been developed specifically to be an innovative and local solution to these drivers.

- f) Requirements in recent Government White Papers include the following:-
 - LA and PCT to take on a wider role of community well-being, including services such as transport, leisure and housing as well as traditional health and care services.
 - Joint strategic information pooling and needs assessments of the local population.
 - Possible joint appointments e.g. Director of Public Health (already agreed) and Director of Adult Social Services.
 - Public Health resources integrated and brought to bear across the public sector.
 - Joint commissioning teams – working to new combined guidance from the Department of Health.
 - National performance assessment regimes for PCTs and LAs to be merged, and to assess specifically the integration of commissioning.
 - Aligned planning and budget cycles for the NHS and LAs from 2007/2008.
 - A single complaints system for the NHS and LAs.

- g) Benefits for the public, service users, patients and carers include the following:-
- Improved access to services through a single point of entry.
 - Gives greater, and better informed choice to users, patients, carers and their families.
 - Improves quality of service delivery through co-ordinated services.
 - Improves the health and well-being of the public.
 - Provides a single assessment process for a wide range of services.
 - Creates a more effective force to sustain and develop a vibrant economy, and deliver the targets of the Local Area Agreement.
 - Provides stronger commissioning of services for the public, by combining scarce commissioning capacity, with the aim of improved performance and of better outcomes for individuals and communities.
 - Provides stronger market management and more opportunity to develop innovative provision through joined-up commissioning.
 - Opportunity for better value for money and cost savings by combining resources/sharing services e.g. ICT, Finance, Human Resources, Legal Services, Estates and Facilities, Transport, Communications, Market Research, Complaint Handling, Information Points and Procurement.
 - A “rural proofed” solution to achieve viable services for relatively small rural population, distant from other population centres, by combining LA and PCT commissioning requirement.
 - Potential for an integrated team, working on public engagement and information – more opportunity to talk to and have a voice with joined-up local services, and to develop the links between public service information, public health requirements, and community development work.
- h) Benefits and reasons for the LA and PCT to integrate:-
- Expectations from the Strategic Health Authority of closer working between LA and PCT.
 - Pressure on both Herefordshire Council and Herefordshire PCT regarding their long-term viability and autonomy because of their relatively small budgets compared with other areas.
 - PCTs are expected to separate their commissioning and provision roles to achieve better value for money and improve the offer.
 - PCT needs to reduce its management cost by 15% by end of 2007/2008. There are only three ways in which savings could be made:-
 - Integration of management arrangements with the Local Authority
 - Sharing back office functions with other PCTs or the Local Authority
 - Development of shared commissioning of significant health services with other PCTs
 - Eliminates duplication and overlap in areas such as public consultation and provision of information.
 - LA is always under pressure to reduce costs especially management costs. The new proposed structure should produce significant savings in management costs.
 - Integration of budgets, staff and other resources should result in real added value and better outcomes for customers.

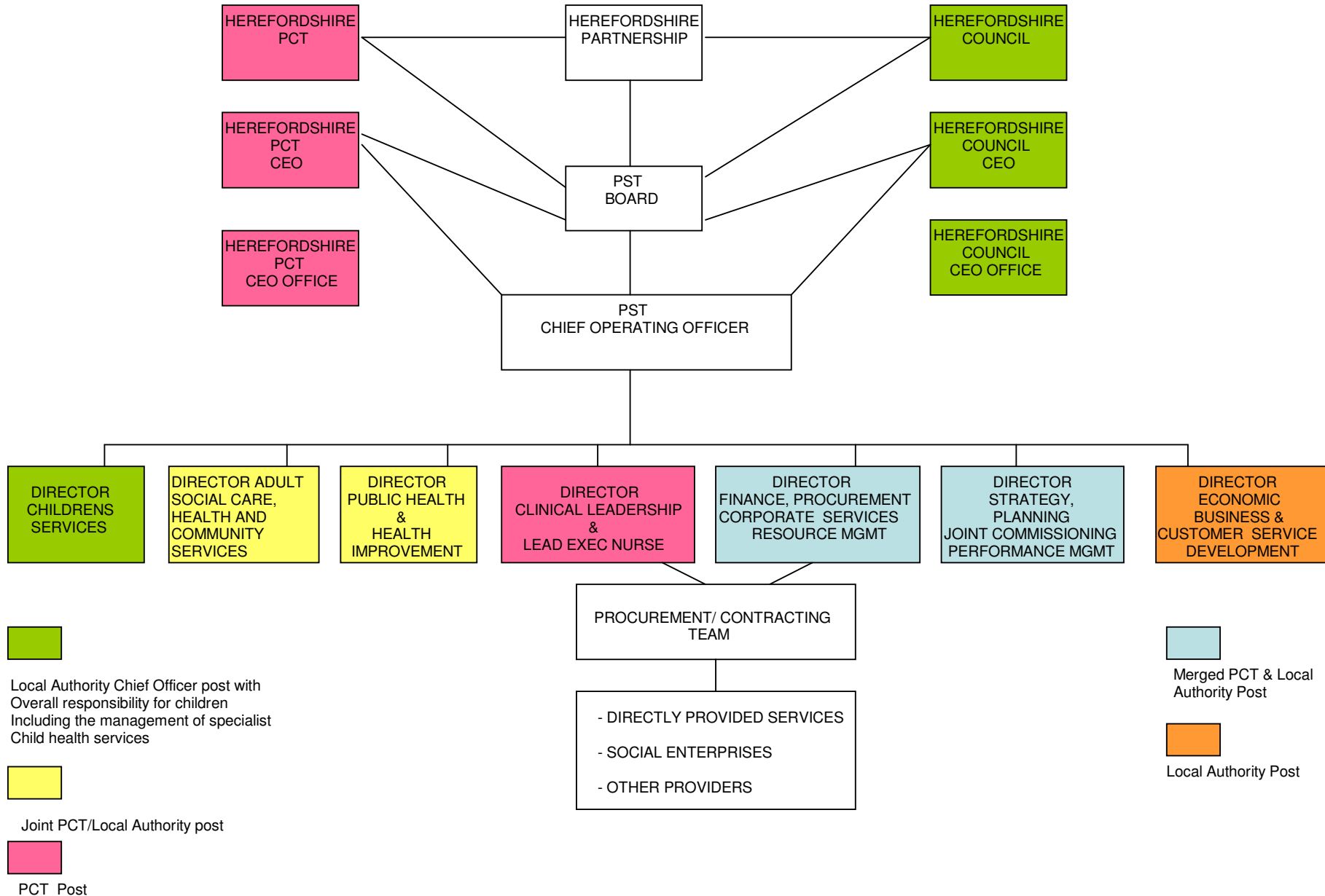
3. Establishing the proposed new management structure - see Annex 1a – 1d attached

The target date for full integration is April 2008.

Key to achieving the target date is as follows:-

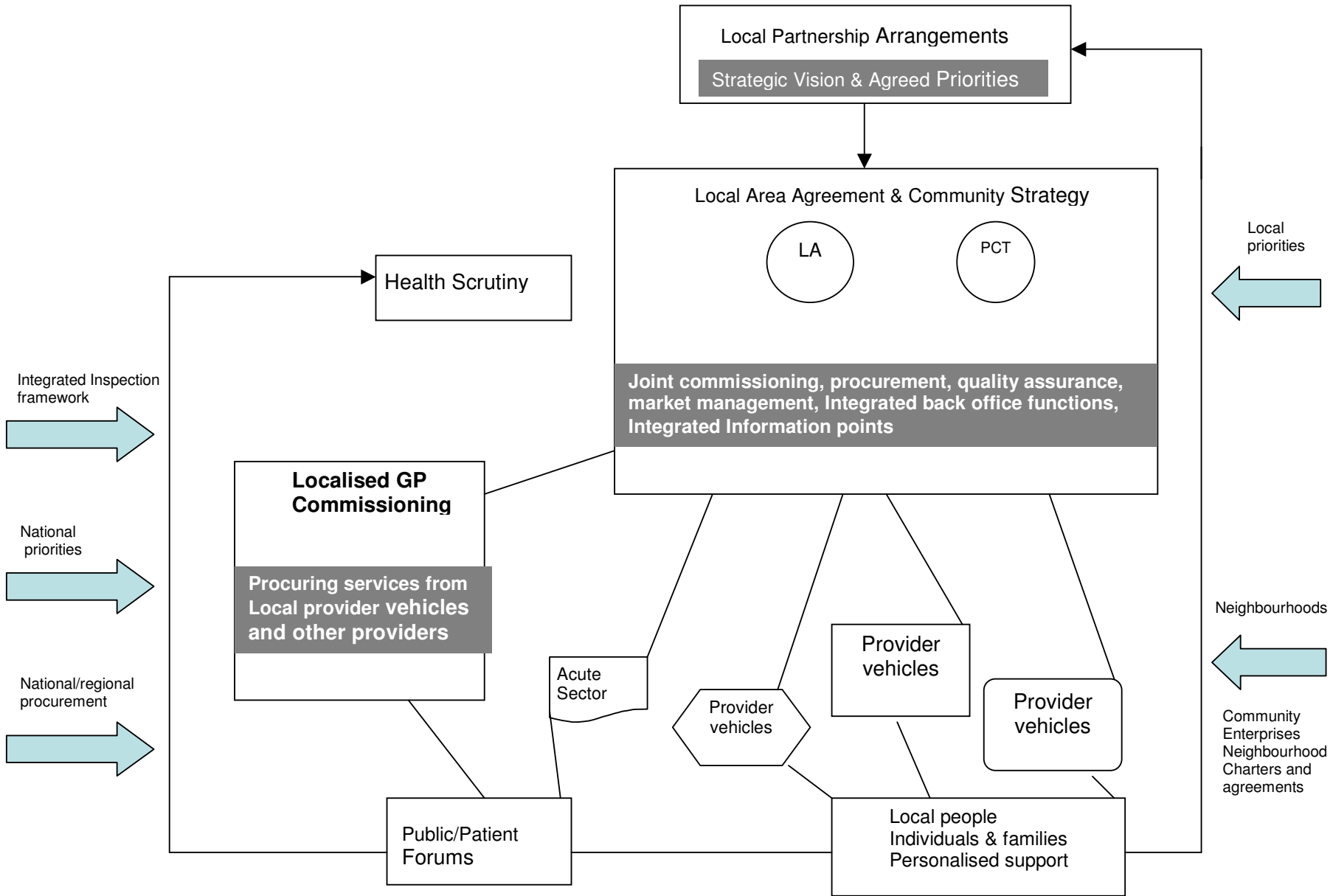
- Need to action the “Key Issues – Challenges and Urgent Decisions” by February 2007 - see section 5 of my Scoping Report.
- The target start date for change should be April 2007.
- Once having determined the estates position it will be important to encourage co-location as soon as possible.
- Need formal approval from Herefordshire Council, Herefordshire PCT Board, DCLG, Strategic Health Authority and Department of Health as soon as possible.
- The Director of Adult Social Care, Health and Community Services, needs to be agreed as a joint appointment as soon as possible.
- Need to ensure that the senior management team is fully committed to the proposed new management structure.
- A new Director of Public Health needs to be appointed urgently.
- Need urgent communications with partners and staff regarding our proposals.
- Need formal consultation with the public and stakeholders as soon as possible.
- We need to give priority to recruiting a Chief Operating Officer.
- The most difficult area to integrate is the merger of the Directors shown in the blue boxes on the structure chart i.e. Director Finance, Procurement, Corporate Services and Resource Management and the Director Strategy, Planning, Joint Commissioning and Performance Management. The mixture of staff with the right knowledge and skills will be crucial to its success.
- During the first year both the LA and PCT CEO’s will have a key role in supporting the Chief Operating Officer. During the early stages it would seem sensible for the Directors to be linked to the appropriate CEO.
- During the first year consideration should be given to establishing a Social Enterprise to take over some of the PST work e.g. Finance, HR, IT etc.
- During the first year there should be a thorough review of any direct provision and only continue where the PCT’s commissioning function shows that such a provision is best for patients and provides best value for money. Where there is a need to create any new vehicles for delivery of provider services, to ensure separation of commissioning and direct provision, the Social Enterprise route should be considered.
- In the short/medium term the new Chief Operating Officer could act as the Executive Director of Adult Social Care, Health and Community Services thus making further savings on the number of Director post.
- From April 2008 it should be possible to reduce further the size of the senior management team.
- Between April 2007 and March 2008 there is a need for a formal review of both the Herefordshire Council CEO and Herefordshire PCT CEO roles and the role of the Chief Operating Officer of the Public Service Trust. It should be possible to rationalise.

PROPOSED HEREFORDSHIRE INTEGRATED SENIOR MANAGEMENT STRUCTURE MEDIUM/LONG TERM

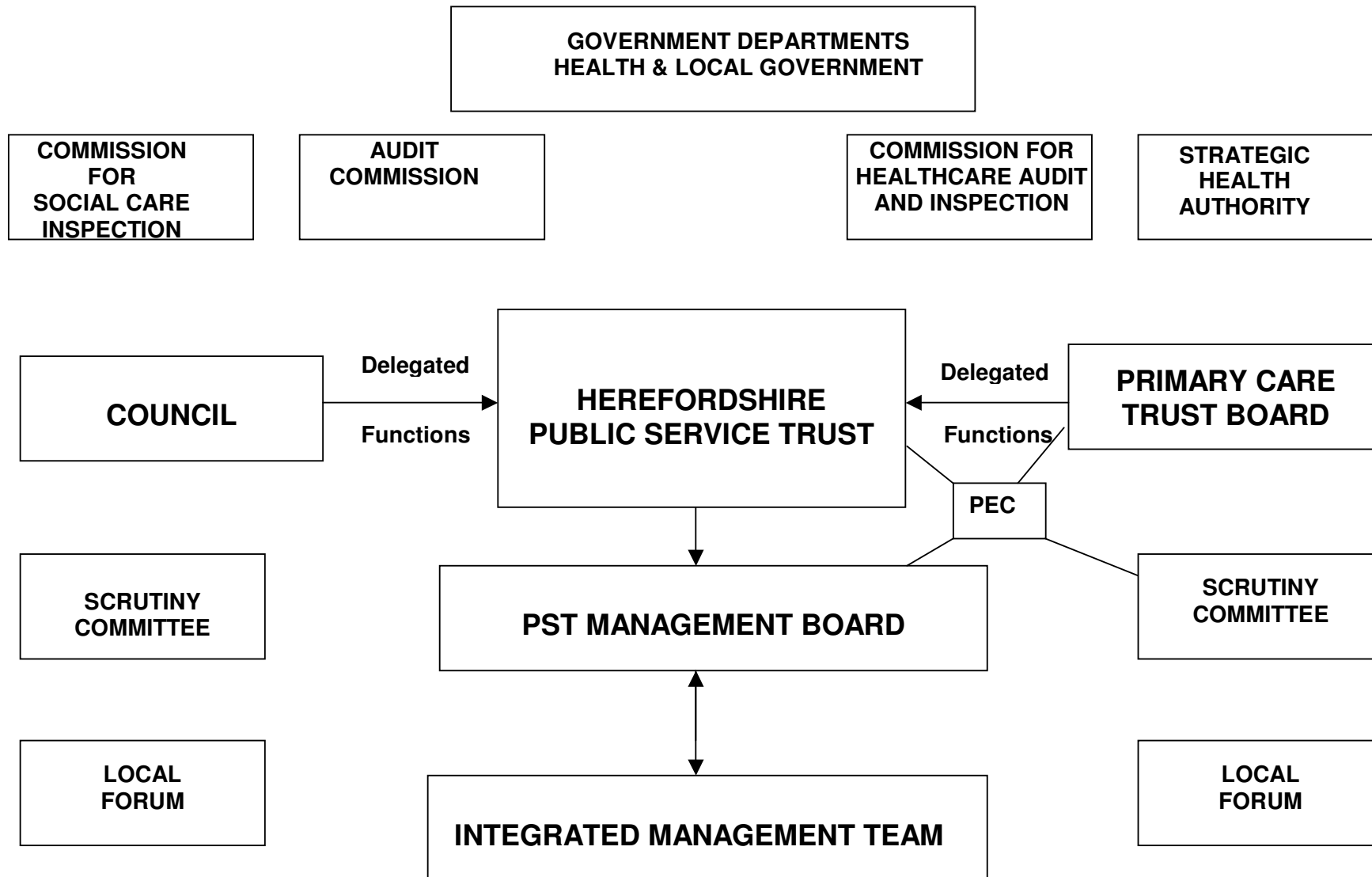


PARTNERSHIP APPROACH

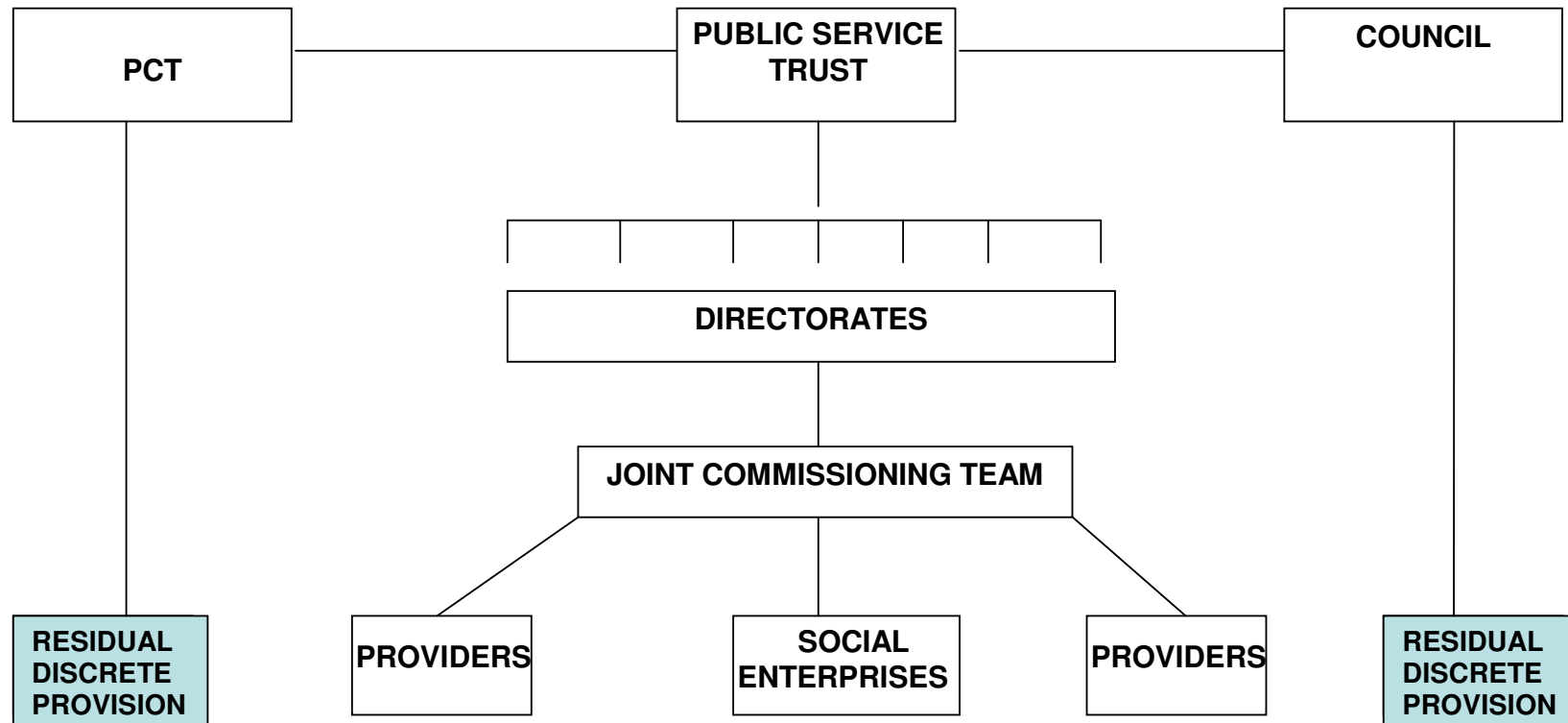
Annex 1b



OVERALL SCRUTINY



COMMISSIONING/ PROVIDER MODEL



RESIDUAL DISCRETE PROVISION

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

Strategic Options Review Criteria

The Vision of the Public Service Trust

The vision is that the Public Service Trust will support and improve the health, well-being and prosperity of Herefordshire People. It will be more effective at delivering this agenda by bringing together the commissioning of a wide range of relevant services in one organisation, sharing resources and integrating the approach of the two principal organisations Herefordshire Council and Herefordshire PCT.

The objectives of the review are:-

- To identify the structural options, for Herefordshire Council and Herefordshire PCT through a Public Service Trust, for the future delivery of provision that best supports the delivery of the vision
- To review each of the potential options against the following 6 key criteria:-

Criterion 1 : To improve services to the customer

Criterion 2 : To improve utilisation of resources

Criterion 3 : To meet expectations of key stakeholders

Criterion 4 : To improve future viability of independent Herefordshire Public Sector Bodies

Criterion 5 : To satisfy Herefordshire Council and Herefordshire PCT Board Governance and Delivery Agenda

Criterion 6 : To raise the Herefordshire Profile at Regional and National Level

Issues to consider for each criterion:-

Criterion 1 : To improve services to the customer

- Single point of access to services
- Single assessment process and individual plans
- Better integration of services and greater coherence
- Local Social and Health Care Zones
- Separation of commissioning and procurement
- Less health inequalities
- Better communication with the public
- Putting people more in control of health and well-being
- Stronger focus on prevention
- Stronger Public Health Agenda
- Improved provision
- Single complaints system
- Meet community expectations
- Improved performance against targets
- Providing stronger market management and more opportunity to develop
- Innovative provision through joined-up commissioning
- Greater clinician involvement across a wider range of health and social care needs

Criterion 2 : To improve utilisation of resources

- Better value for money and cost savings
- Savings on management costs
- Better use of current estate and more co-location
- Providing stronger commissioning of services for the public, by combining scarce commissioning capacity, with the aim of improved performance and better outcomes for individuals and communities
- Improved and better co-ordinated research
- Improved public consultation process
- Improved performance management/performance assessment
- Better integration of all services e.g. Housing, Leisure, Transport
- Opportunity for shared back office functions
- Opportunity to review systems and improve
- Reduction in number of committees
- Major Human Resource Management opportunities

Criterion 3 : To meet expectations of key stakeholders

- Improve prospect of delivering Local Strategic Partnership plan and Herefordshire Partnership agenda
- Meet Strategic Health Authority agenda – status quo for Herefordshire PCT not acceptable because of size and scale of operation
- Supports Governments vision for closer working and integration of services
- Provides the Community Leadership role of local authority

- Separation of commissioning and procurement
- Provides further opportunities for the third sector
- Provides opportunities for other public sector bodies to integrate services and provision into the Public Service Trust
- Satisfies the community agenda – decision making taken more locally
- Improves Value for Money
 - Costs - Economy
 - Inputs and Outputs - Efficiency
 - Outcomes - Expectations

Criterion 4 : To Improve future viability of independent Herefordshire Public Sector

Bodies

- Economies of scale and rural factors requires a more imaginative solution to structures
- Pressure each year on local authority budget
- Need to reduce costs at Herefordshire PCT by 15%
- Expectations of Strategic Health Authority
- Need to avoid duplication and increase shared services
- Other public sector bodies able to join in and therefore, reduce costs
- Improves prospects of recruiting wider choice of senior managers
- A “rural proofed” solution to achieve viable services for relatively small rural populations, distant from other population centres, by combining LA and PCT commissioning requirement

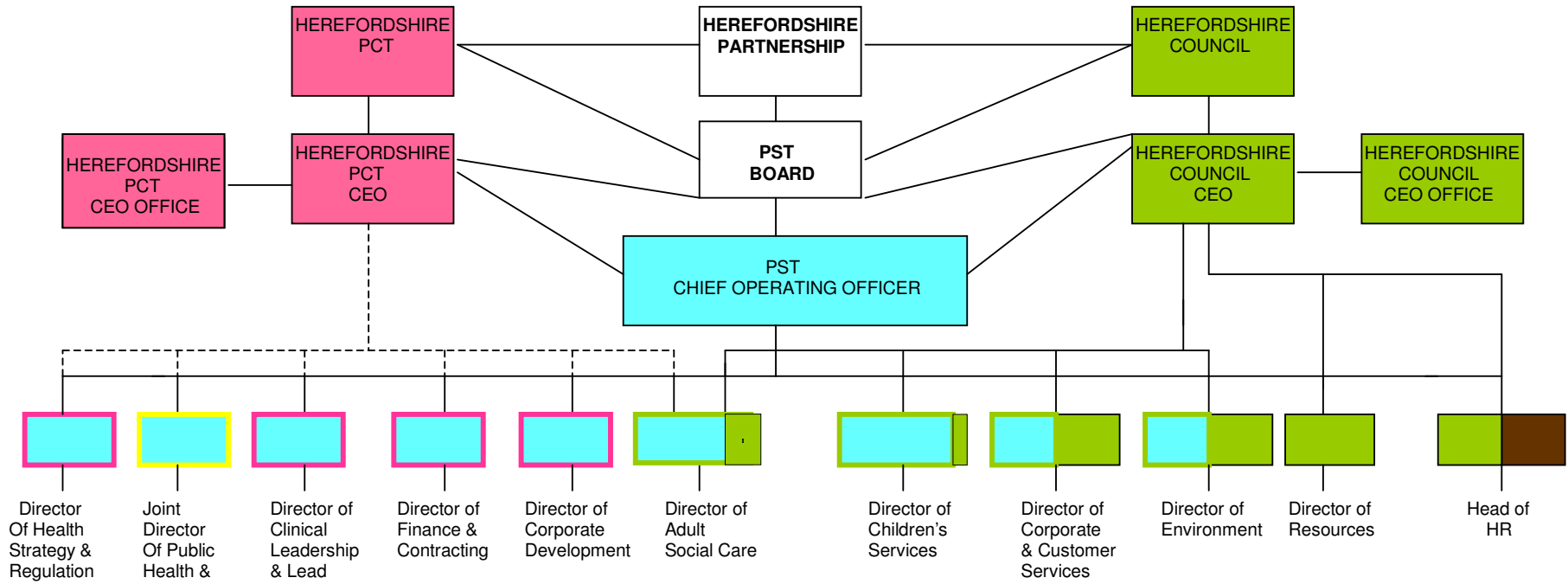
Criterion 5 : To Satisfy Herefordshire Council and Herefordshire PCT Board Governance and Delivery Agenda

- Creating a more effective force to sustain and develop a vibrant local economy, and deliver the targets of the LAA
- Difficulty in delivering the proposed structure
- Needs to take into account changes in the Herefordshire PCT Board and Senior Management Team
- Needs to take into account possible political changes within Herefordshire Council
- Need to ensure that good governance arrangements are in place to satisfy both parties
- Need to convince both parties of the customer benefits and the control of funds
- Potential press and external reaction to the proposal
- Potential Senior Management Team and staff reaction
- Creating a formal governance arrangement to deliver:-
 - Children’s Trust arrangements
 - Public Health joint programme
 - Key parts of the LAA
 - A mechanism for GP practice based commissioners to work with commissioners of broader services beyond health, a Herefordshire PST, could for example, develop annual accountability arrangements with practice based commissioners including public health targets

Criterion 6 : Raises the Herefordshire Profile at Regional and National level

- Benefits of a flagship project
- Potential to ask for greater flexibilities
- Potential to improve funding because new proposals are innovative
- Improves the prospect of recruiting wider range of senior managers because of the innovation
- Opportunity to build on current good practice and improve external assessment ratings

PROPOSED HEREFORDSHIRE INTEGRATED SENIOR MANAGEMENT STRUCTURE SHORT/MEDIUM TERM



Funding Colour Codes

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

Accountability

- 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

PUBLIC SERVICE TRUST

PROPOSED OUTLINE INDIVIDUAL DIRECTOR PORTFOLIOS

Director of Health & Strategy & Regulation



- Strategic Planning
- Regulation
- Local Delivery Plan
- Capacity Plan
- Market Management
- Primary Care Management
- Capacity Building
- Procurement of Specialised Services

Joint Director of Public Health & Health Improvements



- Promote, Protect & Improve Health
 - Reduce Health Inequalities
 - Manage Disease & Health Promotion Programmes
 - Incident and Emergency Solutions
 - Active Public Health Input to Various Groups
 - Clinical Responsibility *
- 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.

Director of Clinical Leadership & Lead Executive Nurse



- Executive Nurse & Lead Clinician
- Lead on Clinical Guidance
- Director of Infection Prevention and Control
- Clinical Lead Information Governance
- Lead on Clinical Development Projects
- Responsible Officer Controlled Drugs

Director of Finance & Contracting



- Financial Governance
- Strategic Lead ICT
- Deliver Finance & Information Function
- Lead Procurement on NHS and some Non NHS Contracts
- Monitor Delivery of Contracts
- Information Governance
- Lead on development of Social Enterprises

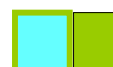
Director of Corporate Development



- Public & Patient Engagement *
- Patient Standards
- PALS & Complaints Procedures
- Internal & External Communications *
- Governance & Risk Management
- PCT Board Secretary
- Equality & Diversity *
- Business Continuity *
- Human Resources *
- Facilities *
- Organisational Development *

* Opportunity to work more closely with Herefordshire Council and develop a common approach.

Director of Adult Social Care, Health and Community Services



Strategic Housing - LA

Improve Housing Stock
Affordable Housing
Home Point
Homelessness
Housing Advice
Delivering "Supporting
Peoples Programme"

Adult Social Care - PST

Services to Support Vulnerable Adults
Adult Protection
Commissioning & Contracts (Social Care)
Learning Disabilities
Older People
People with Disabilities
Prevention Services
Lifelong Learning
Community Safety
Drugs Partnership
Community Leisure
Parks & Countryside
Cultural Services

Director Children's Services



**Local Authority
Education**

School Improvements & Performance
 School Leadership & Management
 Assessment
 14 - 19 Education
 Newly Qualified Teachers
 School Admissions
 School Transport
 School Capital Programme
 Governors Services

NB Commissioning done through PST

**PST
Social Care**

Student & Parent Support & Special Needs
 Exclusions from School
 Health Promotion
 Herefordshire Learning Support Service
 Early Years & Child Care
 Children's Fund
 Children's Centres
 Safeguarding & Assessment
 Looked After Children
 After Care
 Adoption
 Fostering
 Specialist Child Health Services

Director Corporate and Customer Services



Local Authority

Internal/External Communications
 Internal ICT
 Legal & Democratic Services
 Information Services
 Corporate Planning & Policy
 Community Legal Services
 Annual Report
 Equality & Diversity
 Continuous Performance Assessment
 Member Services
 Custodian Support Civic Buildings
 Monitoring Officer

PST

Emergency Planning & Civil Contingencies
 Customer Services
 Research & Public Surveys
 Performance Management
 Public Consultations
 Herefordshire Partnership Support Team
 Community Strategy Development
 Work with Market Towns

Director of Environment



Local Authority

Street Cleansing
 Waste Management
 Traffic Management
 Planning Highways
 Trading Standards
 Animal Health
 Integrated Transport System

PST

Environmental Health
 Food Safety
 Pollution
 Bereavement Services

Director of Resources - Herefordshire Council



- Asset Management
- Benefits & Exchequer Services
- Financial Services
- Financial Governance

Head of Human Resources – Herefordshire Council



Local Authority

Employment Policy and Review
Employee Performance Advice
Coaching on HR Skills
Developing Pay and Reward
&
Recognition Structures
Equal Pay
Age Discrimination
HR Support for Schools
Occupational Health & Safety
Employee Relations
Resourcing to meet Service Delivery

Possible Shared Agenda with PCT

Workforce Planning & Development
Organisational Development
Leadership & Management Skills
Skills Development for Social Care Workforce

- Private, Voluntary, Independent
Career Development
Integrated Recruitment Opportunities
Training & Skills Development

OPTIONS APPRAISAL

This to be completed during the development stage for use by the PST Shadow Board

OPTIONS

OPTION 1 = STATUS QUO
OPTION 2 = FULL INTEGRATION OF COUNCIL & PCT (Annex 1)
OPTION 3 = PARTIAL INTEGRATION OF COUNCIL & PCT (Annex 3)

SCORING RANGE

MEETS FULLY = 10 POINTS
SUBSTANTIALLY MEETS = 7 POINTS
PARTIALLY MEETS = 3 POINTS
DOES NOT MEET = 0 POINTS

CRITERION

OPTION	1	2	3	4	5	6	TOTAL
1							
2							
3							