Appendix 1

NORTH WEST LONDON TRANSITION RECOMMENDATION, 15 SEPTEMBER 2010

'CORE SCRIPT' and Q&As for guiding onward communications

Issued 16 September 2010

NOTE: This briefing has been developed with PCT Chief Executives to inform both internal and external communications. It does not contain confidential material and should be used to ensure consistency of message, as communication of this recommendation will have a wide impact, especially on staff.

- The eight Primary Care Trusts in North West London, meeting as the NHS North West London Joint Committee of PCTs (JCPCT), have agreed that North West London should operate as one sector with PCTs forming three clusters:
    - Hammersmith & Fulham, Kensington & Chelsea, Westminster
    - Ealing, Hillingdon, Hounslow
    - Brent, Harrow
- Each cluster would be supported by a merged management team with the Chief Executive of each coming together with the Sector Chief Executive to form a single sector-wide Executive.
- This recommendation is subject to approval by NHS London, which is expected shortly, and then approval by the PCT boards.
- The JCPCT believes that these arrangements will:
    - enable the delivery of the agreed management cost savings for commissioning (excluding community providers) across North West London by reducing costs by 67% from £71.4m in 2009/10 to £23.7m by 2012/13, in line with targets agreed in the Operating Plan
    - provide a more stable platform upon which to manage short and medium term finances and service performance whilst continuing to improve both quality and patient safety
    - enable NHS North West London's response to the outcomes of the consultation on the Health White Paper, *Liberating the NHS,* by releasing resources to support the development of GP consortia
- GP representatives on the JCPCT felt that the proposal would help to maintain local relationships and allow preparations for the possible outcomes of the White Paper consultation to be pursued.
- The JCPCT felt that a swift move to implementation would now be critical in order to maintain clear leadership and accountability and to maintain a grip on quality, performance and delivery of the sector financial strategy and financial control total.

- The new structure in North West London has been carefully thought through, leading to an options appraisal process, which was considered by the JCPCT prior to its decision. More detail, especially on the impact of these new arrangements on staff, is now being worked through and this will be formulated into a recommendation to NHS London.

- The JCPCT has also emphasised that it has taken this very positive, tangible step forward in order to demonstrate clear leadership and momentum towards delivering the government's new health agenda, since it achieves the right balance between authority and accountability, maintaining local ownership while also providing a stable platform for change.

Questions & Answers

1. What has been agreed by the JCPCT?

The JCPCT on 15 September 2010 has agreed to recommend to NHS London the formation of three merged management teams, as follows:

- Hammersmith & Fulham, Kensington & Chelsea, Westminster
- Ealing, Hillingdon, Hounslow
- Brent, Harrow

These three merged management teams (or 'clusters') are based on proposals from the sector senior leadership team, which includes the PCT Chief Executives. The merged teams will be supported by some centralised services operating at a sector level across North West London.

These changes will not mean the abolition of PCTs any earlier than set out in the recent government White Paper (i.e. by April 2013), but will ensure a smooth transition from today's commissioning infrastructure led by PCTs to GP-led commissioning within the timetable, enabling maximum support to, and maximising the choices available to, GP consortia.

The planned arrangements will also mean that NHS support at borough level for Local Authorities will continue as they prepare for future planned changes affecting them.

2. Why has this decision been made?

The key reasons for the formation of these three merged management teams is to keep a strong grip on management costs in North West London and better enable the formation of GP-led commissioning consortia and related structures, by 2012/13.

Specifically, the new management arrangements will:

- see delivery of management cost savings across North West London for commissioning of some 67%, reducing from £71.4m in 2009/10 to £23.7m by 2012/13
- provide a more stable platform upon which to build the new GP consortia and related structures while maintaining a strong grip on quality, safety and performance
- achieve the right balance between authority and accountability, between local ownership and greater efficiency
- enable NHS North West London's response to the outcomes of the consultation on the Health White Paper, *Liberating the NHS*

If the eight PCTs were to continue to function as previously, the running costs of the eight boards alone would take up 25% of the target management costs for North West London by 2012/13.

3. How will these arrangements impact on staff?

In broad terms, each merged management team will need to decide how best to organise and structure their required resources, based on meeting the requirements agreed by the JCPCT, ensuring the delivery of agreed local financial, performance and quality measures.

This also includes meeting the agreed reductions in management costs between now and 2012/13. We will consult with staff on these proposed changes in line with NHS London's HR Framework.

4. When will these changes be implemented?

We are looking to appoint cluster Chief Executives within the next four to eight weeks.

Consultation with existing PCT Executive Teams will start in mid-October. The intention is to complete the appointment of cluster Executive Teams by the end of December.

Chief Executives are currently working collectively on the timelines for the reorganisation of other functions. This reorganisation is expected to be completed by the end of March 2011.

5. Will these arrangements result in redundancies?

These more detailed implications are now being worked through, but redundancies are always a last resort, and the cluster management teams will do all they can to keep job losses to a minimum.

However, given the challenges around meeting our targets for management cost savings, we anticipate having to make compulsory or voluntary redundancies between now and 2012/13.

6. Are you consulting on staff changes?

Yes, we are planning to consult with staff from mid-October.

NHS employers in London have already been working closely with relevant trades unions through the London Partnership Forum, which includes members from: RCN, Unison, Unite, RSoP, RCM, BMA, SoR, BDA and others. PCTs have also been talking to their staff and staff side representatives.

In common with other parts of the NHS in London which are undergoing restructuring, North West London will follow the agreed HR Framework. This will include arrangements across our sector and across London to support the redeployment of NHS staff into suitable alternative roles where possible.

7. How will the management structure work?

The decision means that in the future, the three transition 'clusters' of PCTs will each operate as a single body under the leadership of a single Chief Executive and single Executive Team.

The eight PCTs will not cease to exist, but their day-to-day running will happen at a cluster level, under a single Executive Team.
These changes will need the agreement of the PCT boards, following approval from NHS London.

8. What activities will be done at a sector level under these new arrangements?

The work of the sector-wide Acute Commissioning Vehicle will continue, as will other existing sector-level functions, such as strategy, financial strategy and control, and performance.

Some corporate support services (specifically Human Resources and Communications) may now also be centrally managed at a sector-level following the JCPCT's recommendation on 15 September, and the case for agreeing other shared services across the sector will be considered, as necessary.

The sector JCPCT will be served by a sector management team, under the leadership of its Chief Executive, Anne Rainsberry.

9. How were these decisions made?

In developing the options since June 2010, the sector leadership team, comprising the sector Chief Executive, all eight PCT CEOs and representatives from the sector senior management team, have undertaken a series of discussions and analyses to produce an options appraisal which was considered at the JCPCT on 15 September 2010.

Four options were considered:

1. A single management team, under the auspices of a sector-wide JCPCT.
2. Three merged management teams, each one serving a cluster of PCTs, plus a sector management team serving the sector JCPCT.
3. Two transitional vehicles (inner and outer NWL), plus a sector management team under the auspices of a sector-wide JCPCT.
4. Eight PCTs and a sector management team under the auspices of a sector-wide JCPCT (do nothing option).

Due to the financial context described above, the sector leadership team agreed that option 4 (the do nothing option) was not affordable and should not be worked up further.

Of the remaining options, Option 2 (three merged management teams) had the widest support across the sector leadership team as a means of helping to reduce management costs.

10. What happens next?

Following the decision, these next steps have been identified to put in place these new arrangements:

- **by w/c 4 October 2010** – each PCT board to approve the recommendation by this date
- **w/c 11 October** – JCPCT approves the conditions which must be met to form the three merged management teams
- **mid-October** – launch of consultation with all affected staff
- **end-December** – appointment to merged management teams complete
- **April 2011** – new structures, operating model and governance arrangements operational.

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NHS Brent
Cluster Transition Plans

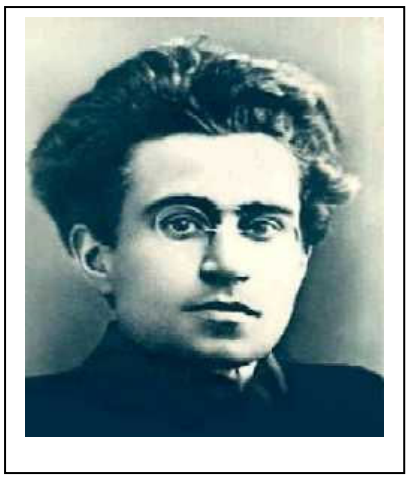
This re-organisation is different in at least three respects from others

NHS Brent

- Extended change process - PCTs not abolished until 2013
- Rate of progress dependent on legislation and GP negotiations
- Very significant reduction in management costs

"The crisis consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum a great variety of morbid symptoms appears."

Antonio Gramsci's *Prison Notebooks*



What's the challenge in the transition period?

NHS Brent

- Have to keep a grip on finance and performance
  - and this is very variable across NW London

- Have to develop GP commissioning
  - and this is very variable across NW London

- Have to achieve management cost reductions and maintain staff motivation to do the above

What's the steer from DH/NHS London

- One transition plan for London, led from the sectors - Ruth Carnall
- Common London HR framework and clearing house arrangements
- Mutually Agreed Resignation Scheme (MARS) announced

NHS Brent

Where are we in NW London?

- Have agreed to keep to common timetable and common framework for developing transition arrangements

- The PCT CEOs/Sector team have been looking at three options for **transition** working to meet the objectives set out previously

1. 8 PCTs and the sector as now
   - Unaffordable

2. 1 PCT (virtual or statutory) for NW London and 8 borough offices
   - Sector CEO as accountable officer
   - Borough Director and small team
   - Everything else organised on sector basis
   - Affordable, but maximum disruption

3. 3 PCT groupings, sector co-ordinating finance, strategy and Acute Commissioning Vehicle
   - Brent & Harrow; Inner NW London; Hounslow, Hillingdon and Ealing
   - Common principles: single accountable officer, single, management team, pooled Board
   - PCT CEOs view this as most likely to get GP and LA support and minimise disruption

The third option has now been approved by NHS London. PCT Boards need to formally endorse it.

Why does Brent & Harrow make sense?

NHS Brent

- Brent & Harrow is a recognisable health community: we share an acute hospital (and make up 80% of its income) and the same mental health trust
- We face common challenges in developing primary and community care
- We have a history of working together
- It's less complicated than three borough arrangements

How would Brent & Harrow work?

NHS Brent

- Brent & Harrow would form a single management team and pay for sector and CSL costs out of our management cost allowance
- We spend from £13.9m now - this reduces to £8.57m in 2011/12
- There are other staff costs not included in the management costs which are not included in this cost envelope e.g. Public Health
- Separate arrangements for development of GP commissioning and LA interface in both boroughs- appointment of Borough Directors
- Separate accounts (but one finance department)
- Two statutory bodies, but meeting as a pooled Board
- This would purely be a *transitional* arrangement. To be abolished as GP commissioning develops- but a potential path to the future.
- This is not a take over of one body by another. It will draw on the talent from both organisations

What Are the Implications for Borough Partnerships?

- These plans are *transitional* they are not the end point for GP commissioning or borough relationships

- There will continue to be a strong borough focus through:

  - Borough director
  - Joint commissioning arrangements
  - Borough Director of Public Health
  - Local Partnership arrangements (LSP, Children's partnership, Adult Board etc.)
  - Attendance at emerging Health & Well Being Board

How would the NW London Sector work?

NHS Brent

- Sector has the same responsibilities: financial strategy, overall service strategy, acute commissioning vehicle
- The three cluster CEOs are part of the sector management team with the sector CEO
- The Acute Commissioning Vehicle (ACV) is being reviewed. Appointment of three Directors of Commissioning, jointly appointed with cluster CEOs. Scope of role to be defined
- The sector will need to reduce its costs, lose its interims and take its part in the change process
- London commissioning bodies will need to substantially reduce costs, including CSL (Commissioning Support for London)

What happens next?

- Will continue with our recruitment of GP Commissioning Executive and Clinical Directors
- Need to ensure common HR and Communications processes across Brent & Harrow. We are creating a team to handle this:
  - Charles Allen, Director of HR & Organisational Development, Brent
  - James Walters, Director of Development and System Management, Harrow
  - Robert Smith (Harrow) and Caroline McGuane (Brent), Communications
  -

  They are charged with creating a communications and engagement plan - how we best engage with staff and their representatives and what support will be offered to staff
- One-to-one interviews for all staff

What happens next- timeline?

NHS Brent

- Appointment process for cluster chief executives first- to be complete by Mid October
- Consultation with staff starts in mid October
- May be two phases with Directors having a shorter consultation so they can help design the structures if so:-
  - Directors appointed early December
  - formal agreement of new cluster organisational structures mid December
- Structure design and consultation likely to be cluster-led, with sector/ London clearing house arrangements for those displaced
- Appointment to Brent and Harrow roles by mid February
- 1 April 2011 new cluster structures will be live