NHS
Lancashire

Update report on the implementation of the Health and Social Care Act 2012

1 Purpose

The purpose of this report is to update the Health and Well Being Board on the implementation of the reform proposals contained within the Health and Social Care Act 2012.

2 Background

The pressures on the NHS are increasing: demand is growing rapidly as the population ages and long term conditions become more common: more sophisticated and expensive treatment options are becoming available. There is a national recognition of the need for improvement and the Health and Social Care Act 2012 provides for a radical restructuring of the NHS to address these issues.

The new Act is designed to make the NHS more responsive, efficient and accountable. The key legislative changes provide for:

- clinically led commissioning
- provider regulation to support innovative service development
- a greater voice for patients
- a new focus on public health
- greater accountability locally and nationally
- streamlined arms-length bodies

3 The NHS Commissioning Board

The overarching role of the Board is to ensure that the NHS delivers better outcomes for patients within its available resources. Its responsibilities will include supporting, developing and holding to account an effective and comprehensive system of clinical comrnissioning groups. The Board will ensure that the new system architecture is cohesive, coordinated and efficient.

The Board has been in place and recruiting to its structure for some months beginning with Director level appointments to the nine Directorates. This national machinery is supported by four sub-national regions and a network of 27 local offices.

The Local Area Office for Lancashire will sit within the North of England region and is similar to the current configuration of the PCT Cluster (NHS Lancashire) and the SHA North.

Richard Barker has been appointed as the Regional Director for the North of England.

The development of the Lancashire Local Area Office is being overseen on an interim basis by Janet Soo-Chung pending a permanent appointment to the post. A number of key appointments at functional Director level have been confirmed in the last two weeks as follows:

Medical Director	-	Dr Jim Gardner
Finance Director	-	John Critchley
Director of Commissioning	-	Martin Clayton
Director of Operations and Delivery	-	Jane Higgs

The post of Director of Nursing is currently out to advert and an appointment is expected by the end of October.

Each Local Area will be responsible for the direct commissioning of primary care services, performance management of the Lancashire local health system by holding Clinical Commissioning Groups to account and a range of specialised NHS services. In the case of the Lancashire Local Area Team, it will take on the lead role for comrnissioning health services for Offenders for the whole of the North West.

It is envisaged that the Local Area Office will be based in Preston which has good transport links to the rest of Lancashire and is more convenient for enhancing the opportunities for more integrated working with partner organisations. Approximately 80 staff are expected to be based in the Local Area Office and posts are currently being filled.

4 Clinical Commissioning Groups (CCGs)

Local CCGs will sit at the heart of the new system and will bring GPs and other clinicians together to design and implement better systems of care which are focused on delivering better outcomes responding to the needs and wishes and local patients and reducing health inequalities.

There are eight CCGs across Lancashire: 6 of which fall within the County Council's administrative boundaries and two others which are co-terminous with Blackpool Borough Council and Blackburn with Darwen Unitary Authority respectively.

The following table shows the eight CCGs. The CCG boundaries are shown on the map at Appendix A

Name of CCG	Population size	Number of constituent practices	Commissioning budget
NHS Lancashire North	158,843	13	£183m
NHS Fylde and Wyre	151,707	21	£233m
NHS Blackpool	178,831	24	£187m
NHS West Lancashire	111,848	23	£120m
NHS Greater Preston	212,000	34	£202m
NHS Chorley and South Ribble	170,000	31	£196m
NHS Blackburn with Darwen	167,000	29	£262m
NHS East Lancashire	371,073	63	£710m

The eight CCGs are already operating with delegated budgets and are increasingly taking on the day-to-day commissioning and contract management/performance responsibilities on behalf of their local PCTs. This transition will move even faster as 31 March 2013 gets closer.

In order to become a statutory organisation in its own right each CCG has to go through a nationally managed authorisation process between now and 31 March 2013. The content of the authorisation process is built around six domains and has been developed through a wide range of stakeholder involvement including patients, carers, clinicians and partner organisations.

The timetable for assessment has been set out in four waves and all the CCGs across Lancashire have opted for Waves 1-3 which means they will have a decision about their state of readiness and further development needs by 31 January 2013.

5 Commissioning Support Units (CSU)

A key feature of both the eight CCGs and the NHS CB local area office is that the staffing structures will be kept to a minimum and they will be expected to acquire additional services (back office and specialist) from the CSU by way of an agreed contract. The Lancashire CSU has been developing a joint venture approach with Cumbria but this work has now been stopped as the Cumbria CCG has determined to purchase its support service from the North East. This is in line with the decision to include Cumbria within a Local Area Office which comprises Northumbria, Newcastle and Cumbria.

Derek Kitchen has been appointed Managing Director of the Lancashire CSU. Derek has been leading the Staffordshire CSU since 2011 and in his new role he will lead the two CSUs. The two CSUs will remain independent and will be hosted by the NHSCB from 1 April 2013 pending further decisions about their future shape and degree of commercial expertise.

6 Public Health Lancashire

From 1 April 2013 the responsibility for a range of public health services will transfer to the upper tier local authorities. A Steering Group has been working to ensure that this transition works smoothly and effectively for the last few months.

Given the size and scale of Lancashire it is a complex transition process and there has been great emphasis placed on ensuring effective communications throughout the process not only with the staff who are affected by the changes but also with all of the key partners.

As yet no appointment has been made to the post of Executive Director of Public Health. However appointments have been made to the three posts which will report directly to this post. These are:

Director of Public Health Improvement – Mike Leaf
Director of Health Policy and Protection – Deborah Harkins
Director of Population Healthcare – Sakthi Karunanithi

A process of re-shaping and rationalising the structures is now underway to bring the three existing teams across the Lancashire PCTs together with the LCC team into one.

7 New leadership arrangements through transition

The NHS Chief Executive Sir David Nicholson has written to all NHS Leaders setting out the next steps in the transition to the new health and social care system. In the letter he describes arrangements to ensure stability and resilience for the current system through to the new health and care system from April 2013. This means that anyone appointed to regional and local leadership roles in the NHS Commissioning Board will take on responsibility both for the teams managing operational delivery in 2012/13 and planning the new system for 2013/14.

The new arrangements should be in place on or shortly after 1 October 2012. A copy of the letter is attached at Appendix C.

8 Recommendations

The Health and Well Being Board is asked to note the report.

Janet Soo-Chung
Chief Executive - NHS Lancashire
October 2012

Appendix A

Lancashire's CCGs configuration

- Blackburn with Darwen
- Blackpool
- Fylde & Wyre
- Chorley & South Ribble
- Greater Preston
- East Lancashire
- Lancashire North
- West Lancashire

NHS Commissioning Board: Authorisation Framework for Clinical Commissioning Groups

1 The six domains are:

Domain 1: A strong clinical and multi-professional focus which brings real added value

Domain 2: Meaningful engagement with patients, carers and their communities

Domain 3: Clear and credible plans which continue to deliver the QIPP (Quality, Innovation, Productivity & Prevention) challenge within financial resources

Domain 4: Proper constitutional arrangements with the capacity and capability to deliver all their duties and responsibilities

Domain 5: Collaborative arrangements for commissioning with other CCGs, local authorities and the NHS National Commissioning Board as well as appropriate commissioning support

Domain 6: Great leaders who individually and collectively make a difference

The thresholds within each domain have been set to ensure CCGs have autonomy to innovate in how they deliver improved outcomes and at the same time are safe as statutory bodies responsible for commissioning health services. The criteria in relation to risk on quality, safety and financial management and related governance, planning and capacity and capability therefore have relatively high thresholds.

2 The authorisation process is divided into three stages:

2.1 **Pre-application** – beginning with a self assessment diagnostic. All eight Lancashire CCGs have successfully completed this stage.

2.2 **Application** – each aspiring CCG will need to submit an application form to the NHS Commissioning Board. The form will provide some detail about the CCG, list the evidence which the CCG is submitting to support its application and enable the CCG to declare compliance with certain criteria

All Lancashire CCGs are currently preparing their evidence in support of their application.

2.3 **NHSCB Assessment** – the formal assessment will be based on the evidence gained from several key components including a 360^0 survey, a desk top review, case studies and site visits.

There are three possible outcomes for each CCG and each outcome will be accompanied by a development plan which has been agreed by the NHS Commissioning Board. The three outcomes are:

1. **Authorised** – The CCG can assume the full powers and responsibilities

2. **Authorised with conditions** – the CCG has not met all of the thresholds and will be authorised with limits or directions on how it carries out its functions

3. **Established but not authorised** – this is where the CCGs are established but with conditions that are such that it cannot take on its functions as a CCG. In this case the NHSCB will have to make alternative arrangements for commissioning for that CCG area until the shadow CCG is ready to move forward.

Guidance has been published to support CCGs through the process and a regular series of workshops is supporting specific areas of activity and development.

Appendix C

From the Office of Sir David Nicholson KCB CBE
Chief Executive of the NHS in England

Richmond House
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To:
All chief executives in NHS trusts in England
All chief executives in NHS foundation trusts in England
All chief executives in primary care trust clusters in England
All chief executives in strategic health authority clusters in England
All chief executives in special health authorities in England
All chairs of NHS organisations in England

cc:
Monitor
Care Quality Commission
All chief executives of DH arms length bodies
All chief executives of local authorities in England
All leaders of clinical commissioning groups

Gateway reference number: 17991

13 August 2012

Dear Colleague

PLANNING FOR A SECURE TRANSITION TO THE NEW HEALTH AND CARE SYSTEM

Over the past year, strong progress has been made to lay the foundations of the new health and care system, whilst continuing to deliver high levels of performance in the current system. This achievement is a testament to the strength and calibre of leadership at all levels. Many of us are carrying out current and new system roles simultaneously, but our priority is always to maintain quality and current system delivery. Over the coming months, as we meet additional Winter pressures and manage the remainder of the transition process, we will continue to ensure the current system is secure and resilient.

As we are now approaching the final six months of transition, arrangements are being put in place to enable new organisations including the **NHS Commissioning Board** (NHS CB), the **NHS Trust Development Authority** (NHS TDA), **Health Education England** (HEE), **Local Education and Training Boards** (LETBs) and **Public Health England** (PHE) to lead work relating to their future functions as they become ready to do so. This will happen incrementally from 1 October 2012 to 1 April 2013 to ensure the process is co-ordinated and secure.

There will be no formal transfer of statutory functions, accountability, budgets or employment of staff ahead of the timetable for new organisations to become operational. Until April 2013, SHAs

and PCTs retain their statutory functions and governance arrangements. New bodies will only be accountable for responsibilities consistent with their preparatory powers and planning for 2013/14.

To ensure stability and resilience for the current system through transition, the NHS Transition Executive Forum has agreed that **NHS CB** and **NHS TDA** regional Directors should take on management responsibility for the teams managing both 2012/13 operational delivery and planning for 2013/14. For the **NHS CB**, people appointed to future regional and local leadership roles in the NHS CB should take on management responsibility for the teams managing both 2012/13 operational delivery and planning for 2013/14. For the **NHS TDA**, people appointed to future Delivery and Development Director roles in the NHS TDA should take on management responsibility for both 2012/13 operational delivery and planning for 2013/14, in respect to the FT Pipeline and provision system.

NHS CB and NHS TDA leaders working in this way will be accountable to their new organisations for future planning and development and be accountable to PCTs/SHAs for relevant delivery and performance in the current system for 2012/13. These arrangements will embed new system leaders in the current system, providing continuous leadership and minimising complexity for staff carrying out roles relating to the current and new system.

HEE and shadow **LETBs** will take on delegated authority for 2013/14 planning functions for workforce planning, education and training from 31 October 2012. **PHE** will prepare to take on its functions from January 2013.

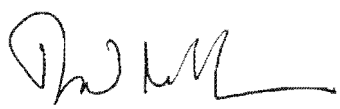
The arrangements I have outlined above will not impact on Clinical Commissioning Groups (CCGs) or local authorities as they prepare for their key roles in the new health and care system.

This approach to transition has been developed from much discussion with current and new system leaders on how we can achieve the right combination of resilience in the current system and effective leadership of the new system. Discussions will continue over the coming weeks as I work with SHA and PCT leaders to agree how these transition arrangements will work at a local level – there is no 'one size fits all' and we will need to ensure that local arrangements are robust and in line with current structures. We aim to have them in place from 1 October 2012.

Introducing new system leaders to work alongside current SHA and PCT leaders has a particular impact on these individuals, but designing transition arrangements in this way does not mean that they have no further role to play. On the contrary, their skills, experience and dedication to the staff they lead will be even more important as they support new system leaders in managing a smooth transition. To succeed we will need strong and effective partnerships, with new and current leaders working together to achieve the secure and supported transition we are all committed to delivering.

I will provide updates with more detail as local arrangements take shape.

Yours faithfully,



Sir David Nicholson, KCB CBE
NHS Chief Executive