

Future Organisational Form of Community Health Oxfordshire (CHO)

The purpose of this paper is to update the Health Overview and Scrutiny Committee, on the future organisational form of Community Health Oxfordshire (CHO).

Background

The Transforming Community Services (TCS) process was launched by the Department of Health (DH) in January 2009 to re-energise and strengthen PCT capabilities in delivering community services. It aims to enable Transformational change in health service provision and supports the development of high quality care which is responsive to local patients and communities.

The PCT Board's strategy in response to TCS is built around the following principles:

- developing CHO's role as 'care coordinator' across locally based existing health and non health providers by encouraging and facilitating the establishment of partnerships
- ensuring that CHO is 'fit for purpose' as a separate organisation to enable it to quickly meet and deliver a re-energised community based service where quality, productivity and innovation are embedded within the organisational culture
- delivering service transformation as a first priority – 'future form' being a secondary consideration with clarity on how it would deliver added value in both service quality and productivity
- ensuring full engagement of staff and key stakeholders throughout the process

Current policy dictates that PCTs should principally be commissioning organisations and will not typically be expected to directly provide community services moving forward. A key outcome of the TCS programme is therefore to decide upon the organisational 'future form' of community services currently provided by PCTs. For NHS Oxfordshire this means making a decision about the future form of Community Health Oxfordshire (CHO), the 'provider arm' of the PCT.

1. Scope

TCS presented the opportunity to develop service solutions category by category (service area by service area) The Oxfordshire view envisaged a solution that would encompass the whole of CHO. This was predicated on the fact that the PCT has always and will continue to test the market for individual services as contracts expire, services are redesigned and new opportunities arise.

2. Process for Establishing Organisational Form

Having moved CHO to an 'arms length' relationship, the PCT began the development of options for future form. As previously noted the approach was based on finding a solution for the whole of CHO. Staff were widely consulted and voiced a strong preference for integration with another NHS provider. In August 2009 a board workshop was held to debate these options and agree a way forward.

At the September board the Commissioners took the view that they were unable to make a recommendation to the PCT Corporate Board as to the future form of CHO. At the same time however it was recognised that there was a need to continue the process and CHO (as a sub committee of the PCT board) was therefore given leave to explore the options for establishing a "joint formal working relationship" with a suitable organisation.

As a result of the work undertaken to that point, a number of criteria emerged that were considered fundamental as a first step to understanding whether partnership/integration was an appropriate way forward. These criteria were agreed by the board in September 2009 and were:

- 'Choice' for healthcare provision within Oxfordshire from any proposal would not be reduced
- It enhances through both 'scalability' and 'the complementary nature of the service offering' the opportunity to improve both the quality and productivity of existing and future healthcare services
- A clear and significant business case is both evident and deliverable.
- It accelerates the establishment of a more stable provider arm through a broader base of management experience and service contract risk (90% of CHO contracts are currently with one Commissioner)
- It is acceptable to both the local workforce and public

Specifically CHO sought to undertake initial market testing including high level discussions with appropriate providers in order to establish

- Whether there are realistic options for considering integration, based around the criteria outlined above
- The operational, financial and service benefits from any integration, through a high level business case analysis
- Consideration of final form in light of the above
- Appropriate approach, timescales and consultation process necessary to proceed

Throughout the process there has been extensive engagement and involvement of stakeholders. This has been supported by a robust communications strategy and a commitment to keep all parties fully informed as the organisational solution unfolded.

3. Potential Partners for CHO

With the support of Deloitte an evaluation of potential partners for CHO was undertaken using the criteria agreed by the Board in September 2009. This produced a long list of 11 organisations outside of Oxfordshire and 6 from within. Of those external to the county 3 expressed an interest but subsequent meetings did not progress this. Within county only 2 organisations were initially in a position to respond positively.

In January 2010 the Board approved a recommendation to proceed with a formal review process to develop a detailed service and business case with two local provider organisations (Nuffield Orthopaedic Centre NHS Trust and Ridgeway Partnership – Oxfordshire Learning Disabilities NHS Trust) in order to enable the PCT Board in March 2010 to make a decision regarding the case for possible integration of either or both of these organisations with CHO.

In February 2010, the PCT accepted a further proposal from Oxfordshire and Buckinghamshire Mental Health Foundation Trust (OBMHFT) to proceed with developing a business case for possible integration with CHO.

All three organisations submitted business cases for integration of services with CHO. These business cases were evaluated at a PCT Board instigated panel on 17th March 2010.

4. PCT Evaluation and Selection Process

Business Case

The potential partners were asked to submit a Business Case in which they specifically addressed:

- Service benefits
- Financial benefits
- Plans for integration and transition
- Department of Health criteria and tests (for integration)
- SHA Assurance process

Evaluation

Bids were evaluated by a panel composed of nine Board members (including non-executive Directors, executive Directors and the Clinical Governance Lead). In addition representatives from Oxfordshire County Council, Health Overview and Scrutiny Committee, Local Medical Committee, Staff side and LINKs joined the panel.

The evaluation was based on the original criteria from the board paper and the requirements of the business case highlighted above.

Presentation

Bidders were invited to present to the panel on 17th March 2010. This offered the potential partners the opportunity to highlight the benefits of their respective bids and for panel members to explore specific issues raised by both the business case and the presentation.

Decision Making

Immediately following the presentations the stakeholders were asked to state their views to inform a board session that followed. After further discussion of the merits of each case across the domains of the evaluation criteria, an agreed recommendation was reached.

5. Recommendation

The panel made a recommendation to the Board that Oxfordshire and Buckinghamshire Mental Health Foundation Trust should be considered the preferred partner for integration with CHO. This recommendation was ratified at the Board meeting of 25th March 2010.

The panel were impressed with the organisation and their submission for a number of reasons:

- Delivery of a compelling model for the future of community services.
- Identification of significant benefits to patients and financial savings for reinvestment.
- Experience in delivering community based services.
- A track record of successfully managing integration.
- Strong management team.
- Financial stability.

At the same time it is acknowledged that there are key issues that need further exploration and resolution over the coming months. These include:

- A clearer articulation of priorities, outcomes and timescales to deliver the proposed service model
- Clear identification of financial benefits case including the opportunity to maximise return on investment where infrastructure is concerned
- The shape of the acquiring organisations Board and in particular its reflection of the importance of community services within the organisation
- How the Board of the new organisation will prioritise the demands of wide scale organisational change in community services and mental health services
- How the leadership team will be enhanced to deliver on this transaction
- How relationships with primary care, local authorities and other providers will be enhanced
- Commitment to working with the SHA to develop a post integration IT strategy

6. Next steps

Detailed Planning

Under the preferred partner arrangement further and more detailed work will now commence to validate the submitted business case, address the issues highlighted above and complete the due diligence. This is preparatory to the completion of an updated business case which will inform the final decision to integrate. This revised joint business case will be brought back to the PCT Board for approval before submission to the SHA.

Communications

To date CHO and the PCT have undertaken extensive and ongoing staff and stakeholder engagement and together with OBMHFT, this will be a continued and core feature of the work during transition.

Formal Approval Process

In accordance with the draft guidance issued by the Strategic Health Authority on 26th February 2010 the expected next steps in the approvals process are:

By 3pm on 26 th March 2010	<ul style="list-style-type: none"> ▪ PCTs to submit their recommendations to the SHA ▪ Optional staff side submission to SHA
Following PCT submissions	<ul style="list-style-type: none"> ▪ SHA meeting with Staff Partnership Forum to discuss proposals ▪ SHA to confirm initial view to Dept Health
By end June 2010	<ul style="list-style-type: none"> ▪ PCT final business cases to be submitted to SHA ▪ SHA approvals ▪ Submission to Co-operation and Competition Panel/transactions board/Monitor as appropriate
July 2010	<ul style="list-style-type: none"> ▪ PCT board approval
Summer 2010	<ul style="list-style-type: none"> ▪ Due diligence process ▪ SHA assurance process ▪ Submission of implementation plans
By end March 2011	<ul style="list-style-type: none"> ▪ Implementation or evidence of substantial progress towards implementation

Consultation

It is important to reiterate that transforming the quality of care and the experience of patients is the main driver for TCS. The integration of CHO with OBMHFT will create an organisation that will provide a firm basis for that transformation. At this stage therefore the focus is on organisational change and not the service change that will ultimately follow as part of the merger. These service developments will necessitate consultation on a case by case basis, as they occur.

Creating a Healthy Oxfordshire

The Creating a Healthy Oxfordshire Programme is designed to align all the health and social care providers to meet the healthcare challenges of the future. Key to this is the establishment of a robust and dynamic provider of services within the community. The board of NHS Oxfordshire believe that the integration of CHO with OBMHFT will provide a strong basis for the delivery of these services.

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