

Transforming Community Services and Externalisation of Community Provider Services

Integration of NHS Berkshire East Community Health Services and NHS Berkshire West Community Health with Berkshire Healthcare Foundation Trust: An Executive Summary

1. Background and context

National policy and guidance as well as the Strategic Health Authority's guidance have been used to inform local strategic intent as described in the NHS Berkshire East "Strategic Plan 2009 – 2014". The PCTs are required to pursue a programme of transformation that leads to driving up the quality of delivery with an overall reduction in cost. The focus is therefore on two strands of activity: **reshaping demand for healthcare and reshaping supply which will improve quality and reduce cost to the health economy**; e.g. the commissioners in PCTs have clear strategic intentions to move services from acute hospital settings into the community where they will be delivered as close to people's homes as possible.

Strong, stable and financially sound provider organisations are needed to deliver the commissioning strategies which will drive up quality and drive down cost. PCTs currently have provider arms that are delivering services to the local populations. However, it is recognised that the services delivered by these organisations are done so on a historical basis, both in terms of service type and activity levels. More focus and clarity on the commissioning of these services is required and this is difficult when they are part of the same organisation, with a board that has the dual responsibility of commissioning and service delivery.

This tension is recognised in the national Transforming Community Services Programme, which addresses the "externalisation of the community provider services". This requires the PCT to review the best options for the most appropriate and separate organisational form for a future community service that best suit local need and circumstances. The Coalition Government have confirmed that this separation must be achieved by April 2011.

2. PCT Process for Appointment of Preferred Provider

The Transforming Community Service Assurance and Approvals Process (Department of Health 2010) gave direction that the following organisational forms could be considered:

- Integration with an NHS acute or mental health provider
- Integration with another community based provider
- Social enterprise
- Community Foundation Trust
- Continued direct PCT provision
- Care Trust which includes provision

After informal dialogues with potential providers as well as a series of internal meetings discussing the various options, invitations to bid were sent to Royal Berkshire Foundation Trust, Berkshire Healthcare Foundation Trust and Frimley Park Foundation Trust.

Bids were received from Berkshire Healthcare FT and Royal Berkshire FT. Both organisations were invited to present their case to a panel, consisting of executive directors, non-executive directors, and a full time union officer. The panel recommended to the board that Berkshire Healthcare Foundation Trust should be selected as the preferred provider of community services and the PCT Board approved this recommendation.

3. NHS Berkshire East & West Joint Approach

As described above the issue of externalisation of community provider services is being addressed by all PCTs. NHS Berkshire East and West undertook a similar process and both concluded that Berkshire Healthcare Foundation Trust should be invited to provide community health services for Berkshire. With this in mind the two PCTs agreed to work together to produce a joint business case to support the application to transfer their community services to Berkshire Healthcare Foundation Trust. This transaction will result in provider separation from the PCTs that will support the commissioning strategies to deliver quality, innovation, productivity and prevention.

4. Benefits of Externalisation

Berkshire Healthcare Foundation Trust is seen as a successful organisation that has transformed services, especially for those patients with long term conditions, moving services to the community and significantly reducing reliance on bedded services. They have a track record of sound financial management and have received 'Excellent' for quality of services for the past three years. It is expected that the new "merged" organisation would provide:

- A model of care that enables people to access good information on health issues, promotes healthy life styles and supports people to help and care for themselves.
- A system of care that when a person is unwell seeks to provide as much of their treatment at home or as close to home as possible.
- Integrated care that brings together all the professionals a person may need in one pathway to ensure that organisational boundaries do not impair health outcome.

The immediate benefits on integration are seen to be

- Quality of care will improve, reducing costs, as service delivery is standardised
- Sharing clinical and management infrastructure once the services are safely transferred
- Further integration of children's services
- Merging back office functions and achieving other efficiencies through economies of scale
- As a foundation trust, the new organisation will be able to access capital on the basis of affordability instead of the current system of centrally controlled allocations. This will give the facility to more easily improve equipment and working conditions for staff and patients
- The freedom to invest surpluses into services to support local people is something that has not been available to the community health services providers previously

5. The Joint Business Case and Next Steps

NHS Berkshire East and West have worked together to draft the Joint Business Case. This case covers:

- The Local Context
- Commissioning Strategies
- The Case for the Transaction
- Stakeholder Engagement
- Options Appraisal
- Scope of the Transaction
- The Integrated Organisation
- Affordability
- Achievability

An initial transaction project plan has been developed. The key next steps are:

- The Business Case will be reviewed by the SHA as part of the assurance process.
- At the same time, the business case will be forwarded to the Competition and Cooperation Panel for their assessment. It is expected that this business case will follow their 'fast track' process.
- Staff engagement events are scheduled over the next few months
- Regular progress reports will be provided to each PCT board and the Joint Strategic Commissioning Board