

HOUNSLOW AND RICHMOND COMMUNITY HEALTHCARE

**A briefing on the development of a
new community healthcare provider**

November 2009

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Briefing Paper on the development of Hounslow and Richmond Community Healthcare

1. INTRODUCTION

The Boards of NHS Hounslow and NHS Richmond agreed at the beginning of September to the merger of the community services of the two PCTs. As part of the decision each Board agreed that a period of engagement was required to describe the merger, set out the rationale and provide reassurance regarding future service provision.

This briefing paper is written for all our stakeholders to ensure that everyone is kept informed of the development of the organisation and of the services provided to the residents of the Boroughs of Hounslow and Richmond upon Thames. Developing and maintaining effective communication, consultation and engagement with partners and stakeholders is a key objective for Hounslow and Richmond Community Healthcare.

The aim of this document is to;

1. **Inform** – section one sets out the background and rationale for the creation of the new provider organisation, Hounslow and Richmond Community Healthcare.
2. **Reassure** – section two provides answers to a set of frequently asked questions that have been raised at a number of internal and external events
3. **Engage** – section three asks for your views on the new organisation.

2. SECTION ONE – WHY ARE WE CREATING A NEW ORGANISATION?

• Background

In 2005 the publication of the Department of Health's (DOH) guidance *Commissioning a Patient Led NHS* directed PCTs to commence the separation of their provider services and commissioning functions. This agenda was further accelerated by the introduction of *World Class Commissioning*, a DOH initiative designed to improve the quality of PCTs' commissioning capability to 'world class' standards. The publication of *Transforming Community Services* in January 2009 provided the detailed guidance on the development of community provider organisations.

The development of strong and high quality community services is a key element of the NHS vision laid out in Lord Darzi's Next Stage Review – *High Quality Care For All* and in *Healthcare for London – A Framework for Action*. One of the key messages of these policy documents is that too many patients with conditions amenable to care in primary care and community care are being cared for in secondary acute hospitals. Therefore primary and community services need to be arranged differently and appropriately to deliver care and on-going treatment to patients and populations closer to where they live.

We are therefore at a crucial stage in the development of Hounslow and Richmond Community Healthcare, and will need to rapidly grow our organisation with strong capability and sufficient capacity to respond proactively to the challenges and opportunities posed by this agenda.

• **The Formation of Hounslow and Richmond Community Healthcare Alliance**

The management alliance (the Alliance) between NHS Richmond and NHS Hounslow's community services formally came into affect on 1 April 2009, after two years of discussion and planning.

The decision to form the Alliance was made following a detailed options appraisal of the possible configurations for community provider services. Both organisations recognised that it was not financially feasible to operate as separate stand alone organisations and it was therefore necessary to review all the possible options which would include, for example, vertical integration with acute providers; horizontal integration with other community service providers and integration with local authority providers.

The options appraisal concluded that 'horizontal integration' between two or more community providers was the preferred option and that the logical alliance would be between Hounslow and Richmond. The benefits to be gained from the proposed alliance were identified as follows:

- Care can be better co-ordinated based on patient flows around West Middlesex Hospital.
- Increased scale will give greater management capacity to invest in new service and pathway development.
- Overall management overheads as a proportion of turnover will be kept down as compared to two separate organisations.

On the basis of the detailed options appraisal and an assessment of the benefits of the proposed alliance between Hounslow and Richmond community services the

respective Boards of the two PCTs approved the formation of the Alliance and the creation of Hounslow and Richmond Community Healthcare Alliance.

It was agreed that the core objectives of the organisation in its first year would be as follows:

1. To lead the process for identifying organisational models for the end state and undertaking the necessary appraisal process leading to a preferred option.
2. To ensure that the emerging organisation is 'fit' for externalisation by meeting the 'business ready' criteria as laid out in 'Transforming Community Services'.
3. To manage 'business as usual' through safe and effective service delivery and the achievement of in-year performance targets.
4. To scope and develop future business opportunities in line with PCT Commissioning Strategy Plans in order to improve future viability and value for money.

• Progress on the Formation of Hounslow and Richmond Community Healthcare

The Boards agreed that the formation of the management Alliance was the first stage in the process of developing a fully merged organisation, as long as an assessment of the options and benefits of merger would endorse this as the right direction of travel. Since April 2009 the Alliance has been concentrating on achieving the actions laid out in *Transforming Community Services*. Specifically this provides guidance on action on five areas as follows:

1. Organisational form is to follow function with commissioners determining function via the Joint Strategic Needs Assessment (JSNA) and the Commissioning Strategy Plan (CSP), and providers determining form based on internal separation and future viability;
2. An assurance process was developed for providers which is called the 'business ready' process. Each provider is assessed against business ready criteria and was expected to have achieved 100% compliance by October 2009;
3. Full achievement of business ready status means that provider services can be regarded as a direct provider organisation (DPO) meaning that, whilst still part of the PCT, it is regarded as separate in all but name.

4. There are a range of options for organisational form; the provider can choose to remain a DPO; form a social enterprise company; apply to become a community foundation trust; or undertake various forms of vertical/horizontal integration with other NHS providers, primary care or local authority services.
5. Key milestones are given; business ready by October 2009; development plan for progression to agreed end point in place by April 1010; implementation of plan 2010/11.

In July 2009 the Boards of NHS Hounslow and NHS Richmond held a joint meeting to consider the proposed merger and the formation of Hounslow and Richmond Community Healthcare, and to consider the issue of which PCT should host the newly merged organisation with effect from April 2010. NHS Richmond had previously stated a desire to act as the 'host' and this had been endorsed by both Boards.

At the meeting the Boards agreed to the proposals in principle but asked for further 'due diligence' to be completed on detailing the risks associated with the merger and the hosting arrangements. They sought further assurance on the detail of the risks with mitigating actions for addressing each one.

At the beginning of September the Boards of NHS Hounslow and NHS Richmond held separate meetings in public, considered the outputs of the due diligence work, and approved the merger which would see Hounslow and Richmond Community Healthcare Alliance developing into a fully merged organisation, hosted by NHS Richmond. The Board agreed that the process of merger should proceed, subject to the approval of the Competition and Co-operation Panel (CCP) .

The main purpose of the CCP is to assess proposed mergers for their impact on the competitive environment (not unlike the Competition Commission). On 12 October the CCP announced that, following an examination of the proposed merger, they had recommended to NHS London that it be allowed to proceed.

Also in October, NHS London deemed that the Alliance had met the business readiness criteria set out by DoH and the organisation became a Direct Provider Organisation (DPO).

The first stage in the process of forming the new organisation will be the appointment of a chair, lay members, managing director and executive directors. The transfer of staff from NHS Hounslow to NHS Richmond will commence in January 2010 and conclude by the end of March 2010, with the final transfer of the majority of the corporate and clinical staff.

- **Rationale for the Merger**

In making the decision to merge the two organisations the Boards carefully considered the benefits of the merger, specifically the significant opportunities it would create to improve the quality of community services. The publication of *Transforming Community Services* made it clear that community providers would have to undergo transformational change to deliver the ambitious agenda set out in *High Quality Care for All*. They will need to have a 'robust business structure' and be sustainable and flexible, capable of evolving to meet an increasingly challenging environment'.

The organisation will therefore need to be able to survive in the new environment of contestability and competition, and this will require a range of skills and capabilities that are not available to each provider on its own. A thriving community provider will require a corporate infrastructure to support enhanced business planning, information and contracting functions.

Managers and clinicians from Hounslow and Richmond Community Healthcare Alliance have undertaken a detailed comparative study of each of the services currently being provided. They have identified the potential synergies of a merged organisation as follows:

- **Meeting Public Health Needs**

Both Hounslow and Richmond expect to see a rise in the black and minority ethnic (BME) populations. The greatest growth will be amongst children and young people. In Hounslow BME children will be the majority not the minority in future. Richmond's BME population will also grow significantly, although the overall numbers will be less.

The merger will enable services in Richmond in particular to benefit from Hounslow's experience in tailoring services for BME communities, particularly South Asian populations.

Similarly, both boroughs expect to see increases in the elderly population, including older people with complex multiple health and social care needs. Here, the experience works the other way round and Richmond's history of serving a generally older population can provide useful transferable lessons for Hounslow.

- **Delivering Improved Borough Based Services for Patients**

A detailed analysis of the community services currently being offered by Hounslow and Richmond suggests that there are many different and complementary strengths in the way that services are designed and delivered. Both organisations

have similar experience in managing long term conditions and rehabilitation. Hounslow has a stronger emphasis on providing services for children, young people and families and also in the areas of prevention, early intervention and reducing inequalities, possibly related to the relatively young age profile of the population. Richmond has greater experience in acute care out of hospital. Combining the strengths of the two provides a significant opportunity to improve the quality of Borough based services overall.

• **Productivity**

Improving the productivity of the workforce is a key objective for all NHS organisations. Information on productivity is regarded as commercially sensitive and therefore is made available in a limited format. Sharing detailed information on productivity metrics for services such as health visiting and district nursing means that services can transparently compare and benchmark their information to identify areas of potential waste and opportunity. This will enable the development of new ways of working through more efficient use of resources.

• **Employment**

Becoming one employer will mean that staff have greater opportunities for training and career progression. Both organisations experience recruitment difficulties in particular services. Collaborating on the development of a proactive recruitment and retention policy will mean improved opportunities to develop innovative employment practice.

In conclusion the benefits for patients and the public are summed up as follows:

- A single new organisation will be created and build on best practice from each service so it can offer high quality community based healthcare services for local residents now and well into the future.
- A larger provider organisation will have the resources to develop sustainable, resilient and innovative community based services, as well as help to ensure financial sustainability by reducing duplication.
- The new organisation will have an income of over £50m to develop, recruit and retain the staff it needs to provide services of the highest quality.
- The merger will potentially provide relief to current recruitment problems by providing greater certainty and opportunities for all staff.
- Opportunities for improving the co-ordination of patient flows around West Middlesex Hospital will be created.

- The organisation will continue to run borough focused and borough based services whilst combining its management infrastructure and overheads. Combining the resource and expertise of the two organisations will mean that the new organisation is best placed to rapidly respond to commissioners' requirements for the development of out of hospital services.

- **Future Organisational Form**

Earlier in the year we undertook a programme of internal and external communication and engagement on the future organisational form options available to community provider organisations, when complete separation from the PCT is achieved. Having undertaken a thorough internal assessment of all the options open to us with our managers and staff we tested the outcomes at an event with our external stakeholders in June 2009. The conclusion from the various engagement events was that the preferred option for our future organisational form is that of a Community Foundation Trust (CFT).

It should be noted however the policy direction for the establishment of CFTs remains unclear at this stage. It is unlikely that policy on this will be forthcoming until there has been an evaluation of the CFT pilot projects. In light of this the PCT Boards noted this as a preference but were unable to endorse this as our future organisational form.

Most recent guidance has stipulated that the priority for newly developing community provider organisations is to develop into sustainable business entities in their own right able to compete in market, whatever their future organisational form.

3. SECTION TWO – WHAT DO THESE CHANGES MEAN?

Understandably many of our internal and external partners and stakeholders have expressed concerns about these changes and have raised a number of questions. There are many common themes running through these questions and we have therefore prepared responses to them as follows:

- **What will be the benefits for patients of this merger?**

Clinical services will continue to be delivered on a borough basis and patients should continue to receive services from the staff and teams with whom they are currently familiar. Hounslow & Richmond Community Healthcare will also be looking to make the most of opportunities for service development and improvement through the new arrangement. We will want to share good practice

and innovation across the areas and to consider linking some of the smaller specialist services to share clinical expertise across both areas. We see that being a larger organisation will give us the scope to have specialist posts and bid for and develop new services to meet the populations we will serve.

- **What are the commissioners' intentions for the strategic development of community provider services?**

Transforming Community Services is national legislation which is being driven by the intention to improve quality in the provision of community services.

Transforming Community Services puts the requirement on commissioners to have detailed plans for transforming community services, priorities for improvement and service development, proposals to enhance patient choice and introduce competition to drive up service quality and value for money.

Commissioners, along with practice based commissioners, are required to complete service reviews, market analysis and procurement, in line with their commissioning strategy plans. The PCTs have to agree their intentions for the future of provider services and timescales, market testing and plans for supply side development.

- **How will you ensure that the increasing separation and contractualisation of community services will not make services unresponsive to the needs of individual patients?**

Improving the quality of patient care is one of the central planks of *Transforming Community Services* legislation. It is anticipated that introducing competition and greater contestability into the market will drive up patient care as community provider organisations will need to demonstrate how they are responding to patient needs and improving services.

- **How will you ensure that there won't be cross-subsidies operating across the two areas (Hounslow and Richmond) so that money is spent based purely on commissioning requirements?**

We will have separate contracts with a number of different commissioners, NHS Hounslow and NHS Richmond being the larger ones, and for each contract there will be income and performance targets which we will be expected to meet and report on. This will mean that resources will be spent in line with the commissioning intentions of the separate commissioners.

- **How will commissioners engage with patients and the public in the future, and how will the provider develop its ability to engage with patients and public in the design and delivery of services?**

The commissioners will continue to build and have very a close working relationship with their respective LINKs (Local Involvement Networks) and will be keen to ensure close public engagement in their commissioning plans. Hounslow & Richmond Community Healthcare will also have its own relationship with the LINKs. The Alliance is committed to ensuring that it communicates and engages effectively with all stakeholders, patients, carers , the public and staff so that they are kept fully informed.

- **How will staff maintain a sense of identity with the local community?**

Staff will still continue to work for their local communities and therefore we would expect that sense of identity to continue, as at present.

- **How will the organisation support innovation?**

Innovation will be actively encouraged throughout the organisation and the appointment of a Director of Quality and Clinical Excellence should ensure that clinical development, in line with best practice, is actively developed and maintained.

- **If there are competing priorities, how will these be resolved?**

The executive team and the Joint Provider Board, with a balance of non-executives from both Hounslow and Richmond backgrounds, will be responsible for ensuring that any competing priorities are discussed and resolved.

- **Will the meetings of the Provider Board be in public?**

We consider that it is vital that our decisions are made in an open and transparent way. We are currently considering recent governance guidance and the new chair when appointed will make this decision with the Board.

- **What plans are in place for change management/organisational development?**

The Alliance has produced an organisational development plan outlining its programme for both management and wider organisational development.

- **What are your timescales for consultation and who will you consult with?**

Whilst we think that formal consultation will not be required for this merger, as there will be no change in the delivery of services, we are seeking the ongoing engagement from all our stakeholders and will welcome their suggestions for and comments on the development of this new organisation.

- **How will you ensure that merging will not add to commissioning complexities, leading to increasingly fragmented care pathways?**

We will continue to work closely with commissioners in the development of integrated care pathways across primary, community and secondary care. We believe that the creation of Hounslow and Richmond Community Healthcare will actually reduce some of the potential fragmentation that could arise from the *Transforming Community Services* policy. We will be a larger, single provider which aims to maintain a range of community health services that will work together to ensure integrated pathways of patient care. We also plan to work closely with our other partner provider organisations in this regard and consider that our size will make this easier to do. We will indeed need to manage a range of different commissioners, but see this as a necessary requirement for the future for community services and believe our size will enable us to retain a strong business management function to be able to do this.

- **How will GPs be involved in these developments?**

GPs are already involved, both as commissioners and providers. We engage regularly with all of our practice-based commissioners and this will continue, as we look to merge and develop a new organisation. Similarly, we already work closely with GPs as fellow providers - we have for example, successfully submitted a joint bid with primary care colleagues to run the GP-led health centre at Teddington Memorial Hospital.

- **What will happen if Hounslow has different commissioning requirements than Richmond?**

We would expect to be no different from other cross-borough health providers, such as South West London and St George's Mental Health Trust, in being able to respond flexibly to differing commissioning requirements.

- **Where does the development of Teddington Memorial Hospital stand in these arrangements?**

TMH is a highly valued community hospital – the exact shape of its future development will depend largely on the requirement of local commissioners, but we see it as an integral part of provider services.

- **Who will own the estate and who will benefit financially if estate is sold?**

Transforming Community Services indicates that the ownership of an estate will sit with the commissioner – should it decide to dispose of any surplus NHS estate the disposal should be fully supported by a clear business case to substantiate where the capital receipt will be reinvested.

- **What impact will these developments have on patient choice?**

We would expect these developments to have a positive impact on patient choice, in that the growth and development of community services offer the patient a clear choice between hospital and community-based care.

- **What will the impact be on self-directed support?**

The proposal will not impact on self-directed support – self-directed support gives choice to the patient or client and, depending on the choices made, the impact will be felt by the service provider, i.e. the patient or client could choose to increase or reduce their use of community services.

- **Who decides when new facilities such as polyclinics are developed?**

The decision rests with the commissioners, as part of their commissioning strategy.

- **How will the Board ensure that it doesn't take its eye off the ball on delivering good quality services to patients whilst it also manages the organisational form work?**

The Joint Provider Board has put in place a clear clinical governance framework to ensure that any service risks are flagged up at an early stage and appropriate action taken.

- **How are we going to bring the two cultures together?**

The main challenge will be in creating a culture for the new organisation that is sufficiently responsive to the challenge of competition and market testing. This will form a crucial part of our OD plan and we intend to engage staff and other stakeholders in the development of a culture which will enable the new organisation to successfully achieve its goals and flourish.

4. SECTION THREE – WHAT DO YOU THINK?

- **Some key questions**

We would like to know what you think of the new organisation. We are particularly interested in three areas:

1. **The values of the new organisation** – we have adopted a set of values which set out what is important to us.

- We will provide high quality services
- We will value, retain and develop excellent staff
- We will involve, listen and respond to patients and carers
- We will adopt a holistic approach to care
- We will work in partnership with other health, social and voluntary sector providers

Do you think we have got this right, and how can we make these values real for you?

2. **The services we provide** – we have defined the characteristics of our services so that you can be clear what to expect and hold us to account in providing them.

- High quality
- Value for money
- Productivity
- Innovation
- Borough based service delivery
- Balance the needs of patients with the needs of staff

Do you think these are the right characteristics, do you think we do this already and what could we improve?

3. **Your continued involvement** – our values say that we will involve, listen and respond to patients and carers. How do you want to be involved as we develop the new organisation?

Please could you let us know how you would like to be kept involved?

- a) Written briefings like this one.
- b) Presentations from key members of the management team.
- c) Meetings.
- d) Internet.
- e) E-mail.

A form is attached for you to complete and return to us with your views on these three areas and anything else that is important to you.

• **How will we use your answers?**

Your answers are important to us and will help us in three ways;

1. **To make our values real** – when we say that we provide high quality services we want to be able to demonstrate it to you
2. **To improve the services we provide** – your feedback on what we do well and what we can do better will help us to improve.
3. **To ensure your continued involvement** – your comments will help us to design systems that keep you involved and interested in what we do.

5. SECTION FOUR – NEXT STEPS

• **Future Communication, Consultation and Engagement with Partners and Stakeholders**

We have produced an initial plan detailing all of our partners and stakeholders and aim to maintain regular contact both through regular updates and visits. Over the coming months we will also be engaging with stakeholders on the development of our five year business plan and our engagement strategy.

We will be developing a website so that we can ensure that there is up to date information on our development and that stakeholders can have the opportunity to post their questions and feedback and receive a rapid response.

6. SECTION FIVE – CURRENT SERVICES

- **Overview of Current Services**

Attached to this document is a list of all the services currently being provided by Hounslow and Richmond Community Healthcare Alliance. If you would like any further information on any of these services please contact the following.

7. SECTION SIX – KEY CONTACTS

Richard Tyler, Chief Operating Officer, Richmond Community Services, 020 8973 3132, richard.tyler@rtpct.nhs.uk

Jo Manley, Chief Operating Officer, Hounslow Provider Services, 020 8630 3743, jo.manley@hounslowpct.nhs.uk

24 November 2009

FEEDBACK FORM

| | |
|---|------------------|
| <p>The values of the new organisation Looking at the values, do you think we have got this right? How can we make these values more real for you? High quality services Value, retain & develop excellent staff Involve, listen & respond to patients & carers Adopt a holistic approach to care Work in partnership with other health, social & voluntary sector colleagues</p> | <p>Comments:</p> |
| <p>The services we provide Do you think these are the right characteristics, do we do this already or do you think we could improve? High quality Value for money Productivity Innovation Borough based service delivery Balancing the needs of both patients & staff</p> | <p>Comments;</p> |
| <p>Your continued involvement We value your involvement, please let us know which you feel is the best way of keeping you involved;</p> <ul style="list-style-type: none"> • Written briefings • Presentations from key members of the management team • Meetings • Internet • e-mail | <p>Comments:</p> |
| <p>Other general comments / feedback / questions</p> | |

Please send your feedback form to:
Bryony Merritt, Communications Manager at bryony.merritt@rtpct.nhs.uk or at
Thames House, 180 High Street, Teddington, TW11 8HU

Appendix A - Services provided by Hounslow & Richmond Provider Services

- Musculoskeletal Therapy
- Falls Services
- District Nursing
- Community Matrons
- Podiatry
- Intermediate Care Services
- Continuing Care & Nursing Home Services
- Respiratory Care Team (Richmond)
- TMH Inpatient Unit (Richmond)
- Community Rehabilitation Services
- Community Physiotherapy Services
- Community Neurology Rehab Team (Richmond)
- Walk in Centre (Richmond)
- Diabetes
- Dietetics
- Outpatients, Teddington Memorial Hospital
- Stop Smoking Service (Hounslow)
- Expert Patient Programme
- Tissue Viability services
- Healthy Lifestyles
- Primary Care in A&E
- Adult Speech & Language Therapy
- Teenage Pregnancy
- Sexual & Reproductive Health/Contraceptive Services
- Children's Community Nursing Team (Richmond)
- Children's Continuing Care
- Universal Children's Services – health visiting and school nursing
- Specialist Children's Services
- Paediatric Audiology
- Newborn Hearing Screening Programme
- Paediatric Speech & Language Therapy
- Paediatric Physiotherapy
- Paediatric Occupational Therapy
- Continence services
- Learning Disability Services