

<p>THE NHS IN NORTH CENTRAL LONDON</p>	<p>BOROUGHES: BARNET, CAMDEN, ENFIELD, HARINGEY, ISLINGTON WARDS: ALL</p>
<p>REPORT TITLE: NHS North Central London Transition and Governance Arrangements</p>	
<p>REPORT OF: Helen Pettersen Chief Executive, NHS Islington and Senior Responsible Officer for Transition, NHS North Central London</p>	
<p>FOR SUBMISSION TO: North Central London Joint Health Overview & Scrutiny Committee</p>	<p>DATE: 25 March 2011</p>
<p>SUMMARY OF REPORT:</p> <p>Members have requested information about the transition and new governance arrangements for the single management structure for the NHS North Central London (NCL) Cluster.</p> <p>This paper describes the NCL governance arrangements which will operate with a single management team and cluster board from 1 April 2011 in accordance with Department of Health (DH) guidance.</p> <p>Several papers regarding the new arrangements were presented at extraordinary Board meetings held in each of the NCL PCTs on 28 February 2011. These are available on each PCT's website (see http://www.islington.nhs.uk/board-papers.htm). The key papers relating to governance and the staff appointment process have been provided for Members' information as Appendices to this report. They include:</p> <ul style="list-style-type: none"> • Composition of NCL Boards (Appendix 1) • Partnership Agreement for Joint Working of five statutory boards (Appendix 2) • Draft Governance Framework (including sources of assurance) (Appendix 3) • (Extract of) Report of the staff consultation process (Appendix 4) <ul style="list-style-type: none"> - Consultation chronology: summary of consultation activities and documentation November to March 2011 (Appendix 4.1) - NCL structure chart (Appendix 4.2) - Numbers of posts affected (Appendix 4.3). Members will note this shows a reduction in Director level posts from 42 down to 15 posts, if they are recruited to. - Appointments Process to the Single Management Team for PCTs in North Central London, as implemented from 17 December 2010 (Appendix 4.4) <p>Staff in the five PCTs in NCL are currently undergoing a HR process to support the transition and the 54% management cost reduction required of London PCTs. Most staff are on redundancy notice while they await the outcome of the appointments process to confirm whether they secure a post in the NCL team.</p>	

A local presence will remain in each Borough, under the leadership of a Borough Director. These borough teams will remain until commissioning responsibility is handed over the GPs in 2013. They will cover: GP development and local commissioning; joint commissioning (with the local authority); local finance; safeguarding adults and children; medicines management; continuing care; and GP information technology.

Whilst it isn't the role of the Joint Health Overview & Scrutiny Committee to scrutinise an NHS staff consultation, we are sharing this information with you to provide as full as context as possible.

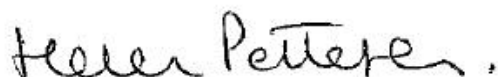
Martin Machray will present this paper and respond to any Members' questions on 25 March, on behalf of Helen Pettersen.

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RECOMMENDATIONS: The Committee is asked to note this report and the appendices.

SIGNED:



Helen Pettersen
Chief Executive, NHS Islington and Lead for Transition
NHS North Central London

DATE: 17 March 2011

NHS NORTH CENTRAL LONDON TRANSITION AND GOVERNANCE ARRANGEMENTS

1. INTRODUCTION

This paper describes the NHS North Central London (NCL) governance arrangements which will operate with a single management team and cluster board from 1 April 2011 in accordance with Department of Health (DH) guidance.

2. BACKGROUND AND CONTEXT

In November 2010 the Boards of the Primary Care Trusts (PCTs) in North Central London - Enfield, Haringey, Barnet, Islington and Camden PCTs gave approval in principle for the following:

- 1) The establishment of a single executive team covering all five PCTs to manage the commissioning of services, strategic transformation and organisational change on behalf of the five PCTs;
- 2) The designation of a single accountable officer for the five PCTs, with effect from 1 April 2011;
- 3) The revised governance arrangements for operating with a single management team; and
- 4) The delegation of responsibility for the agreement of the detailed structures and implementation plan to Chief Executive Officers.

3. DEPARTMENT OF HEALTH PCT CLUSTER IMPLEMENTATION GUIDANCE

DH PCT cluster implementation guidance was issued on 31 January 2011. This sets out the conclusion that it will not be possible to retain effective management capacity in all PCTs until their abolition in 2013, presenting unacceptable risks to quality and financial management. In response, current PCTs will be retained as statutory organisations, in order not to add further to disruption from reorganisation, but there will be consolidation of management capacity, with single executive teams each managing a cluster of PCTs. These new clusters are not statutory bodies, nor are they permanent features of the landscape, but they are necessary to sustain PCT capability and enable the creation of the new system.

4. NHS NCL'S PROPOSED CLUSTER GOVERNANCE CONFIGURATION

NHS NCL has reviewed its proposed governance framework to ensure that it is compatible with the DH guidance.

The underpinning principle is that the five statutory Boards will meet simultaneously and will transact business together, supporting each other through the breadth of joint discussion, building on the shared expertise across NHS Barnet, Camden, Enfield, Haringey, and Islington, while maintaining the statutory responsibilities of each board as a legal entity, and the integrated single executive management arrangements will support all of the Boards.

The five PCT Boards were asked to take resolutions on 28 February 2011 which confirm agreement to work to this governance framework as 5 PCT Boards working together and conducting business in joint meetings as a single cluster board. NHS NCL's proposed cluster

board configuration is consistent with the DH and Appointments Commission's cluster model 3.

Appendix 1 demonstrates how NHS NCL proposes its cluster board arrangements will meet statutory requirements for board membership.

5. NHS NCL'S PARTNERSHIP AGREEMENT

Central to NHS NCL's new governance arrangements is a Partnership Agreement between the five NCL PCTs. The five PCT boards have already approved a draft Partnership Agreement, which describes:

- how the five statutory Boards of NHS Barnet, Camden, Enfield, Haringey, and Islington will work together from 1 April 2011;
- how non-executive and executive directors will work across all five PCTs, and how they will relate to each individual PCT; and
- an overview of proposals for Board sub-committees.

The Partnership Agreement is intended to facilitate a new way of working and may be amended by the five boards as necessary. There will need to be sufficient flexibility to enable:

- the combined NHS North Central London Board to discharge its responsibilities in a manageable way without overly restrictive specification.
- GP consortia to develop their own governance arrangements and for incremental delegation to GP Consortia to happen over time.

The Partnership Agreement refers also to engagement with Local Authorities, LINKs and GPs.

Further work will be carried out to prepare core governance documentation and detailed operating arrangements (including standing orders, schemes of delegation and operation and standing financial instructions) for adoption by the cluster board in April 2011 to enable the NHS North Central London Board and single management team to operate effectively from 1 April 2011. North Central London will continue to work with NHS London and other sectors to ensure that it follows guidance and benefits from exchanging good practice.

6. UPDATES TO PARTNERSHIP AGREEMENT

The existing NCL Board and PCT Boards discussed a draft Partnership Agreement at PCT Board meetings in January – early February 2011. Building upon those discussions and further to legal advice from Capsticks relating to PCT regulations, the following amendments have been made:

- Section 2.3 describing NED makeup of boards has been redrafted for clarity.
- It is provided now that in the normal course of events the sector Director of Public Health (DPH) will attend the cluster board. In the absence of the sector DPH, one of the borough DPHs will deputise. In the event of specific business that relates to a particular borough and requires local expertise and advice, the borough DPHs will attend for that item; and
- It is provided now that each PCT Board has to have nurse member who is a member of the Professional Executive Committee (PEC). Advice from Capsticks is that PCT regulations prohibit the nurse member from sitting on more than one PEC. In the normal course of events the nurse member of the sector executive management team will attend the cluster board. In the absence of the sector nurse, one of the borough PEC nurses will deputise. In the event of specific business that relates to a particular

- borough and requires local expertise and advice, the borough PEC nurse member will attend for that item.
- Section 3.5 dealing with GP consortia has been revised to reflect emerging NHS London Guidance on consortia development.

When the draft Partnership Agreement was circulated, it was noted that the arrangements for Audit Committee(s) was subject to further discussion with External Auditors. Those discussions have now taken place. The External Auditors raise no objection to the proposal that there should be a single Audit Chair holding that office in all 5 PCTs, and consider that a single joint audit committee or a structure of 5 audit committees with overlapping membership could work in practice. They felt that, for the sake of continuity, it would be desirable for the existing 5 PCT Audit Chairs to be asked to participate on a consultancy basis in the process for auditing and approving the 2010/11 accounts if they have not been appointed to the new boards.

The External Auditors suggested that legal advice should be obtained, for assurance. Advice has been obtained from Capsticks. At the time of writing this paper the final advice note is not available, and it will be circulated separately.

For clarity, the Partnership Agreement has been amended to distinguish between board committees which are required by regulations and those which are discretionary and may be agreed by the new cluster board when it starts up.

7. IMPLEMENTING NHS NCL'S PARTNERSHIP AGREEMENT

It is proposed that NHS NCL Board meets for the first time as a Cluster Board on 7 April 2011. It will transact necessary business including adopting a corporate governance operating arrangements at that meeting.

There has been ongoing discussion about capacity at local borough level and the possibility of local NED associates. The Partnership Agreement provides for each PCT board to appoint up to 2 Associate NEDs. The NCL Governance Group recommends that decisions about associate NEDs should be made by the new PCT Boards and Cluster Board at its first meeting on 7 April 2011.

8. SOURCES OF ASSURANCE

We have used internal audit days from RSM Tenon to create a map of task and assurance processes against PCT statutory functions. It also includes a list of NHS toolkits, submissions and regulation that have to be completed for mapping on to functional areas. The mapping exercise is designed to clarify where responsibilities will fall. The sufficiency of resources to meet the identified responsibility, will remain with the NCL CEO as Accountable Officer and the relevant NCL Directors when they are appointed, having regard to decisions about priorities made by the Cluster Board.

The mapping exercise will help us meet the requirements set by the NCL Risk and Assurance Committee that by 31 March we can provide assurance that governance structures from 1 April are resilient and appropriate; that organisational design is appropriate; and that business as usual activities and processes will operate effectively (i.e. business continuity). Appointees to Director roles will be asked to sign off on the responsibilities that fall to their directorates. The Governance Task Group has recommended that the NCL audit committee incorporate a review of the implementation of the mapping exercise within its 2011/12 work programme to ensure that the single management team has taken effective ownership of all PCT responsibilities, and that nothing has been overlooked.

In addition to the mapping exercise, Capsticks will be undertaking an assurance process on behalf of NHS London. The work will be carried out by Colin Lynch and David Gibson, who have not been involved with the development of any of the individual sector proposals. They will be ensuring that each sector's framework satisfies the requirements of the Operating Framework; the PCT Cluster Implementation Guidance; and the relevant legislation. NHS London provided Capsticks with a checklist of the main tests which apply. We are in the process of preparing our proposals for submission shortly.

9. PCT BOARD RESOLUTIONS

PCT Boards met on Monday, 28 February and resolved to:

- terminate the Joint Committee of PCTs (JCPCT) and existing Establishment Agreement on 31 March 2011 as it is acknowledged that the JCPCT is now defunct; and
- adopt the NHS NCL Partnership Agreement to run from 1 April 2011.

10. NEXT STEPS

Implementation of the Partnership Agreement will be a matter for the new NHS North Central London Cluster Board to resolve. Views from existing PCT Boards will feed into this process.

An integrated continuity plan for PCT Boards will soon be prepared. PCT Board secretaries have been asked to supply details of work programmes, commitments and decisions outstanding.

In consultation with the Delivery Board, a model agenda will be drawn up for PCT March Board meetings so that close-down work is carried out consistently.

Helen Pettersen
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