NHS Rotherham

NHS Rotherham Board

Governance Arrangements for the South Yorkshire & Bassetlaw PCTs Cluster

Contact Details:			
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Purpose:

The purpose of this paper is to set out the proposed governance arrangements for a South Yorkshire and Bassetlaw (SYB) Cluster Board which meets the requirements set out in the Operating Framework. It outlines progress to date; logs the issues still to be resolved and asks for approval / noting of various actions.

Recommendations:

Board should:

- approve the establishment of the Cluster Board as a joint committee of the PCT Board
- note the appointment of Tony Pedder as Chairman of the Cluster Board
- note that the updated SOs/ SFIs and Scheme of Delegation be presented to PCT Boards in May 2011

Background:

The 2011/12 Operating Framework describes the next stage in managing the NHS. It concludes 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, but single executive teams - each managing a cluster of PCTs - will be established by 1 June 2011.

It has been agreed that a single cluster should be established to embrace the South Yorkshire and Bassetlaw PCTs. The PCTs which make up the cluster are Barnsley, Bassetlaw, Doncaster, Rotherham and Sheffield. The establishment will necessitate the forming of a Cluster Board as a joint committee of each constituent PCT with a cluster level Executive Team.

The principles and next steps outlined in the paper *Proposed Governance arrangements for the South Yorkshire Cluster Board,* drafted by the five Chief Executives / Interim Chief Executives in February 2011, were shared with the

respective Chairs and agreed. These principles underpin work recently carried out on behalf of the Cluster by the constituent PCT Directors / Heads of Corporate Services and finance colleagues.

The Establishment Agreement for the Cluster Board has been developed based on legal advice. This is being presented to each constituent PCT Board in April whilst asking for approval to establish the Cluster Board as a joint committee of each PCT Board. This is included at Appendix A. The Chairman will provide an oral update at the Board meeting on discussions at the Chairs and Cluster Chief Executive meeting held on 31 March 2011.

To manage the Cluster arrangements one of the current PCT Chairs - Tony Pedder - has been asked by the Chairman of the Yorkshire and Humber Strategic Health Authority to chair the Cluster Board.

Andy Buck, our own Chief Executive of NHS Rotherham, was selected by the Chairs of the Cluster PCTs as the Chief Executive of the Cluster. His appointment was ratified by the NHS Rotherham Board in March.

The appointment of the Director of Finance, Director of Commissioning Development, Medical Director and Nurse Director of the cluster is underway and will hopefully be completed by mid-April.

To discharge the duties the Cluster Board Chief Executive will appoint a Chief Operating Officer in each constituent PCT. In NHS Rotherham this will be Chris Edwards. His appointment was endorsed by the NHS Rotherham Board in March.

Analysis of Risks:

The Cluster Chief Executive will be the Accountable Officer for each constituent Primary Care Trust in the cluster. The role includes advising PCT Boards on the formulation of vision, setting direction and providing leadership in enabling the Cluster to achieve its strategic goals and objectives. He will be accountable for quality, finance, performance and integrated planning across the whole of the PCT cluster area for the duration of the cluster, which has yet to be announced. He will be accountable to each constituent PCT Chair and reports to the Chair of the Cluster Board.

Return on Investment:

The costs of the new arrangements are shared by the five PCTs. The sharing of our Chief Executive's salary with four other PCTs generates a financial saving, but the sharing of other cluster officers' costs will reduce that. A recurrent net saving is expected and this will count towards our target reduction in running costs.

The presence of a cluster should bring greater resilience for NHS

Rotherham's managerial capacity. 'Gaps' that might emerge – for whatever reason – will be more readily covered (by sharing expertise across the cluster's geography). That in turn may avoid recruitment to short-term posts.

However, the new arrangements mean that our accountable officer has a much wider span of control than before and thus the time he can give to NHS Rotherham is much reduced.

Analysis of Key Issues:

It is worth restating the principles agreed as part of the February paper. These were as follows:

- Clustering should work on the principle of subsidiarity. That is that local PCT Boards and management teams are allowed to make the decisions necessary to deliver the strategic and operational objectives of each community.
- Each PCT will retain its non-executive directors and relevant board arrangements to allow the continuation of many of the excellent partnership arrangements which non executive directors in particular enhance.
- The constituent PCT Boards will review their sub-committees to ensure they are fit for purpose and include the Cluster Board as a sub-committee of the PCT Board.
- The governance arrangements will need to change during 2011/12 to reflect the development of GP Commissioning Consortia (GPCC) and the delegation of functions to GPCC sub-committees.
- The Cluster Board will ensure that local issues are resolved locally or in the case of serious financial or operational matters where there is significant diversion from local plans, support local resolution.
- The development of Commissioning Support Units (CSU) will be delivered through effective partnerships across the constituent PCTs, but recognise that local requirements of GPCC will also heavily influence the nature of any successful offering. There should not be an imposition of a one size fits all CSU across PCTs where that is not preferred by GPCC.
- The Cluster Board will support the development of CSU in particular where the PCTs and GPCC require a form of legal entity or service that is not sustainable or deliverable at PCT level.
- The Standing Orders and Standing Financial Instructions must allow each PCT's remaining management team to discharge their local function effectively. This will require a pragmatic approach to ensuring that cluster Directors, who will form the cluster executive team, can delegate their responsibilities to ensure local performance is not compromised.
- The constituent PCTs will remain statutory bodies in their own right until 31 March 2013.
- The proposals, to be implemented, will be affordable and cost effective (taking into account the requirement of all organisations to reduce and manage within the running cost target).
- The proposals will be sufficiently flexible to manage changing circumstances within all constituent organisations and through the cluster arrangements.
- A review of the arrangements will be conducted on a six monthly basis.

As discussed previously, Board members wish to establish a joint committee to which they may delegate their functions in accordance with Regulation 10 of the National Health Service Regulations 2002. In doing so, they recognise the transitional nature of this agreement, and that it is made with the explicit objective of sustaining management capacity, a clear line of accountability for delivery of PCT functions in terms of statutory duties, quality, finance, performance, QIPP and NHS Constitution requirements through to March 2013. This will enable the transition to GP led commissioning, enabling new arrangements with Local Authorities and Health and Wellbeing Boards to develop and support provider reform elements of the transition.

The Corporate Services leads have reviewed the Standing Orders (SOs), Standing Financial Instructions (SFIs) and Scheme of Delegation with finance colleagues. Legal advice has been taken on the initial model to be used. This has then been amended to reflect the SYB position. In terms of the SO / SFI the majority of work has been concluded. The main areas of difference between the five PCTs are:

- Names of committees and titles of officers – these have been addressed by using generic terms defined in Section A – Interpretation and Definition of the document
- The financial limits detailed in the documents e.g. sealing limits, tenders and quotes – where possible, and in discussion with finance colleagues, these have been amended to ensure consistency
- Section 4 – Appointment of Committees has been updated to include the Cluster Board as a Joint Committee of each constituent PCT Board, subject to Board approval. Where committees were common throughout they have been included. Where PCTs have committees which are unique to them these will be covered under “other committees” in 4.9.11 and will be added as an appendix to the SOs.
- Section 17 – Tendering and Contracting has been updated to reflect new guidance:
  - Procurement guide for commissioners of NHS-funded services (Gateway reference 14611, July 2010)
  - Principles and rules of cooperation and competition (Gateway reference 13791, July 2010)
- References to LIFT, including exclusivity, will have to remain PCT specific. It is therefore proposed that these be referred to in the main document but with a supporting appendix which details the limits associated with constituent PCTs who are involved in the LIFT scheme

The issue still to be resolved is that in Section 2 which covers composition of the PCT Board. The numbers of Non Executive Directors (NEDs) and officer members differ across the PCTs. This also needs to be considered in light of the underlying principle that officer members must not exceed the number of non-officer members.

Cluster Board will need to consider how this issue is addressed. It is important that this is resolved quickly to enable the more detailed work to be completed on the Scheme of Delegation.

As agreement has not yet been reached on the above it is proposed that the SOs/ SFIs and Scheme of Delegation be presented to PCT Boards in May 2011.

Patient, Public and Stakeholder Involvement:
n/a

Equality Impact:
n/a

Financial Implications:
See “Return on Investment” above
Approved by: Chris Edwards

Human Resource Implications:
See “Return on Investment” above. Greater resilience for PCTs’ management capacity is offered by the arrangement. However, the ‘gaps’ may arise elsewhere and calls for support may come to NHS Rotherham rather from it. The new cluster executive team will need a (small) office base and some admin support.
Approved by: Peter Smith

Procurement:
n/a
Approved by:

Key Words:
Chris Edwards, Alan Tenanty, Cluster, governance

Further Sources of Information:
Paper prepared by PCT Directors/Heads of Corporate Services of South Yorkshire & Bassetlaw – Alan Tenanty for NHS Rotherham – 01709 302011