NHS England

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NHS ENGLAND – PRIVATE BOARD PAPER

Title:

Update on the South Region

Lead Director:

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Rationale for discussing in private:

NHS Improvement are also discussing a similar paper at their Private Board meeting in September 2017.

Purpose of Paper:

This paper provides an update to the NHS England Board on the overall approach to collaboration and joint working with NHS Improvement, in the context of wider strategic aims for splitting the South Region into South East and South West and the Transforming NHS England programme.

The Board is invited to:

- Agree to the overall programme approach, endorse of the pilot phase and the testing approach that involves the joint Regional Director posts – working for both NHS England and NHS Improvement – in the South East and an equivalent joint post in the South West;
- Agree to the plan and high level timescales for the next phase of the programme; and
- Note the approach to review and sign off of the proposals by the NHS Improvement Board.

South Region Update

Purpose

1. This paper:
    - Provides an update to the NHS England Board on the overall approach to collaboration and joint working with NHS Improvement
    - Describes the inter-relationship with wider strategic aims for splitting the South Region into South East and South West and the Transforming NHS England programme;
    - Seeks the Board's agreement to the overall programme approach, endorsement of the pilot phase and the testing approach that involves the joint Regional Director posts – working for both NHS England and NHS Improvement – in the South East and an equivalent joint post in the South West;
    - Seeks the Board's agreement to the plan and high level timescales for the next phase of the programme; and
    - Note the approach to review and sign off of the proposals by the NHS Improvement Board.

Background

2. As the NHS in England continues to face unprecedented challenges and operational pressures, we recognise the pressing need to improve support to local systems to address these challenges. In the *Next Steps for the Five Year Forward View*, the NHS in England has set out a clear plan for delivering the transformation required to deliver clinically and financially sustainable healthcare services.

3. In response to this we are increasingly seeing primary, community, mental health and acute healthcare providers working in partnership with clinical commissioning groups (CCGs) and our direct commissioning functions to find solutions that deliver the best possible care for their patients. Many have also extended their collaboration to include local councils and their social care partners. This means planning and budgeting together, joining up their services and making efficiencies.

4. In addition the development of STPs and ACSs – and the increasing moves to more strategic forms of commissioning, which place greater onus on systems for activities traditionally carried out in the NHS by commissioners (e.g. resource allocation, pathway design, risk stratification) – strengthens, in turn, the case for a more joined-up approach between NHS England (NHSE) and NHS Improvement (NHSI) at national and regional level.

5. Local systems have been demanding NHS England and NHS Improvement, as we are expecting from commissioners and providers, to work as if we are one organisation, reduce duplication and to speak with a single voice. Many of

our staff and teams have also been challenging us to work more closely together so that we can increase our capacity and capability to support our local systems. We need to collectively evidence that we are providing cost effective, efficient, added value services to support the delivery of improved services to the local populations.

Our vision for working more closely with NHS Improvement

6. The vision for this more integrated way of working reflects our own expectations of our local health and care systems of:

    - Increased collaboration;
    - Reduced duplication;
    - Working together for patients and populations not as separate organisations; and
    - Increased efficiency and cost effectiveness.

7. We know the importance of speaking with a single voice, with clear messages, shared expectations and a joined-up delivery approach to support our local health and care systems.

Building on joint ways of working

8. Against this backdrop, the context and time is right to test a more integrated way of working between NHS Improvement and NHS England. This builds on our existing joint national arrangements and also aims to unlock benefits in areas that are particularly suitable to a joint or coordinated approach, including for example:

    - Financial planning and financial risk management, where NHSE and NHSI have established formal arrangements to support STPs – and, through them, CCGs and trusts – in making decisions that are optimal for their overall health economy;
    - Urgent and emergency care, where NHSE and NHSI have appointed a joint national director to oversee work on transforming urgent and emergency care and improving operational performance and winter planning, with the eight Regional Directors from the two organisations each taking responsibility for a set of STPs;
    - Cancer and mental health, where NHSE and NHSI have also appointed joint national directors to oversee delivery of priorities for mental health and cancer services;
    - Support for, and oversight, of STPs and ACSs, where there has been an increasing trend towards having a Regional Director (from either NHS Improvement or NHS England) take the lead role in managing the relationship with that STP or ACS;
    - The appointment of joint Regional Directors in the South East and South West, which is the focus of the rest of this paper.

9. From 1 September 2017, the South region has provisionally been divided into two - South West and South East – with a single Regional Director providing leadership for the local systems in each patch. Anne Eden, who was the NHS Improvement Executive Regional Managing Director (ERDM) for the South, will lead the South East on behalf of both organisations and Jennifer Howells, who was the NHS England Regional Director for the South West, will lead the South West on behalf of both organisations.

10. Under these arrangements, each Regional Director will be accountable to NHS England for discharging those functions that fall specifically to NHS England's regional teams (e.g. in respect of oversight of CCGs, primary care, emergency planning) and to NHS Improvement for discharging those functions that fall specifically to NHS Improvement's regional teams (e.g. in respect of oversight of – and support for – trusts). Annex A sets out examples of how these responsibilities could be implemented.

11. Once formal ratification from the NHSE and NHSI Boards has been granted, the joint Regional Director for the South West (who already has a contract of employment with NHS England) will also have a secondment agreement with NHS Improvement. The joint Regional Director for the South East (who already has a contract of employment with NHS Improvement) will also have a contract with no remuneration with NHS England. This will enable them to carry out organisational functions on a delegated basis and to be properly accountable to both organisations. The slightly different contractual approaches reflect the advice of the two organisations' legal teams.

12. Below Regional Director level, the default position is that there is currently no change in formal employment arrangements. In other words, NHS England regional staff continue to work for NHS England and NHS Improvement regional staff continue to work for NHS Improvement. However, during this initial phase the two Regional Directors will start to consider how other posts in the two sub-regional teams should be formally shared between the two organisations. Some staff will be expected to work across both organisations in order to most effectively discharge the respective accountabilities. The two regions will also take advantage of natural turnover to explore further opportunities for more integrated appointments. Any permanent or substantive changes to functions or roles that might arise from these considerations will be subject to proper consultation and engagement with the staff affected and their trade unions as appropriate.

13. Each Regional Director in the South will report jointly to the CEO of NHS Improvement (as do other NHSI ERMDs) and to the NHS England National Director for Operations and Information (as do other NHS England RDs). Both organisations will also need to ensure that no conflicts of interest arise. In considering potential conflicts, the proposed starting point is that:

    - Most of NHS England's and NHS Improvement's objectives are complementary, i.e. they have common roots in improving quality of care, improving health outcomes, and making most efficient and effective use of the resources that Parliament gives the NHS;

- Where a joint Regional Director identifies a potential tension between a decision being taken in their NHS Improvement role and the interests of NHS England (or vice-versa), it will be their responsibility to seek advice from relevant executive colleagues and, where necessary, to seek resolution through a Joint Leadership Meeting, the Shared Functions Committee or the Joint Financial Committee.

The wider context for NHS England

14. In parallel with collaboration with NHS Improvement on integrated ways of working, NHS England is responding to a broader set of challenges and opportunities, including completing the formal and full division of the South region into South East and South West and delivering the Transforming NHS England programme, meeting cost efficiency savings targets, which have a full year effect from 1st April 2018. The planning and approach to the programme recognises the interdependent nature of these activities, but remains cognisant that the scope from an NHSI perspective is currently focused on testing the joint Regional Director role and the increasingly integrated ways of working in support this.

Delivering the benefits

15. This is an exciting opportunity to improve the way we work, minimising divisions arising from our separate organisations and ultimately helping to support excellent NHS services that are more joined up for the public and patients. The major envisaged benefits include:

    i. **Maintaining and improving delivery of our statutory roles and responsibilities with:**
        - Greater ability to manage the “business as usual” agenda as well as delivering change;
        - More simple and transparent structures and governance arrangements, which minimise the constraints of separate organisations; and
        - Effective, efficient and productive engagement with other regions and national colleagues in NHS England and NHS Improvement.

    ii. **Maximising our impact improving services for patients and populations by**
        - Focussing our effort on our key priorities enabling us to balance clinical quality, operational performance, finance and strategic change, with strong leadership and improvement capability;
        - Bringing an appropriate, timely, system response to urgent and complex problems; and
        - Making the most of individual and team capabilities to support all our healthcare systems to improve, whilst challenging and improving structures where there is a clear benefit.

iii. **Engaging coherently and engaging jointly in order to:**
- Be fully coherent and joined up in our support of providers and commissioners and in our relationships with all stakeholders;
- Help improve job satisfaction for staff working in regional teams, as they spend more time looking outwards to health economies and less time duplicating the work of each other; and
- Streamline the interface with other ALBs, including Health Education England, Public Health England, the CQC and Local Government.
- Strengthen partnership working with staff and trade unions across the system and employers in these geographies.

iv. **Improving value for money by:**
- Reducing duplication, realising efficiencies and minimising low value work, in the context of the 17/18 and 18/19 efficiencies which will be required from all of the NHS.

The approach and plan

16. A programme of work has been delivered during the summer to design and implement new joint ways of working and to start to drive out these benefits. There have been two immediate areas of focus:

i. **Making arrangements for Anne Eden and Jennifer Howells take up their roles as joint Regional Directors,** including:
- Designing integration quick wins during this initial phase including:
  - Winter planning processes
  - Testing arrangements for single national priority programme leadership across NHSE and NHSI
  - Quality reporting
  - Finance reporting
- Realigning the portfolios of Delivery Improvement Directors (DIDs) and Directors of Commissioning Operations (DCOs) to South East or South West with their agreement;
- Defining reporting lines for functional Directors to ensure accountabilities and responsibilities are clear;
- Ensuring all appropriate HR, Information Governance and legal considerations are enacted;
- Developing proposals for attendance at national and South region meetings, optimising and simplifying where appropriate;
- Planning and implementing handover of NHSE / NHSI oversight and responsibilities for Anne and Jennifer respectively;
- Reviewing, designing and planning reporting in support of the new arrangements;
- Ensuring that all team members understand the performance and positions of new portfolios; and
- Ensuring that the changes are supported appropriately by data, information and IT.

ii. **Planning for the development of a new integrated operating model for the South East and South West.** This will include:
- Deciding what should be done once across the South;
- Assessing what should be done separately in the South East and South West;
- Changing ways of engaging with providers, commissioners, STPs and ACSs; and
- Completing the formal split of the NHS England South Region, working more closely in support of transformation and delivery with STPs and meeting the challenge of future efficiency targets set by the government for both NHS England and NHS Improvement.
- Mapping any impact of the formal split on functions, posts and people and working in partnership with staff and trade unions through appropriate consultation and engagement to deliver these changes.

17. The programme is being led by a Sponsor Group and progress driven through a joint Steering Group. Both groups are supported by a programme structure, which has been drawing on the wealth of complementary experience and expertise within our teams across both organisations.

Testing and refining joint ways of working

18. We will continuously evaluate how the new operating model is working, making changes to tweak and improve it before deciding whether any changes should become permanent. In particular we will assess whether the changes are delivering the anticipated benefits and as we make progress the programme will also address any risks, issues and concerns raised by our stakeholders and staff. Final sign-off of any permanent changes will need to go through the respective governance processes of each organisation.

Evaluating delivery of benefits

19. Part of testing the impact of new ways of working will be formal evaluation against a set of objective evaluation criteria, which are quantifiable, ambitious and achievable and include measures which are timely and support quick decision-making. A quarterly evaluation process is planned, with a baseline established in early October 2017.

20. At the end of each quarterly cycle, the first of which is December 2017, there will be a decision to:

- Approve rolling out changes permanently
- Continue with the current arrangements and refine as necessary
- Substantially amend the changes.

21. Where changes are proposed as substantive, and affect functions, posts and people, we will ensure that proper consultation and engagement arrangements are in place with staff and trade unions as appropriate across the two organisations.

Engaging with stakeholders and staff

22. It is crucial that we will take every opportunity to test, evaluate and review our options and solutions with staff and stakeholders. A single shared approach to communicating with staff and trade unions is already under way. We have engaged senior leaders across NHSI and NHSE to shape and mobilise the programme of work and identified subject matter experts to contribute to the work of the Steering Group. Going forward we are keen for as many staff and stakeholders as possible to be actively engaged in the design process.

Planning for the next phase of work

23. With the arrangements for supporting the joint Regional Director roles and closer ways of working with NHS Improvement in place, a plan has been developed for the next phase of work, which will:

    - Continue to develop NHSE / NHSI Integrated Operating Model, delivering more effective, joined up ways of working;
    - Fully deliver the South Region Split, establishing new South East and South West regional entities; and
    - Deliver the requirements of the Transforming NHS England programme, including delivery of efficiencies.

24. Assuming the next phase of the programme is mobilised in early October, the key milestones in the plan are:

    - Development of the full operating model design, building on this initial phase, including directorate structures; organisational structures, functional model; governance; reporting; roles and responsibilities > October and November 2017.
    - Refine the operating model design as the integrated ways of working with NHS Improvement are assessed > November and December 2017.
    - Develop an impact assessment, including quantification of the operating model, HR impacts and enabler requirements > December 2017.
    - Planning for potential consultation with staff and the implementation phase > December 2017.

Supporting staff going forward

25. As the next phase of this work is mobilised and progress is made developing the full operating model, this will create significant change for staff. It is crucial they are appropriately supported during this time through communications, engagement and organisational development.

26. We will create integrated messages for NHS England staff, which recognise the full scope of the next programme phase. As part of this work we will make rapid progress with the communications and engagement plan so that staff are appropriately involved in the organisational design. This will be

complemented by a staff Communications and Engagement Reference Group and individual director led briefings to capture staff thoughts and ideas are taking place through September. Following briefings to staff and Trade Unions in mid-September, ongoing engagement with them will also be crucial.

27. The programme will also identify organisational development support which will help staff manage these changes, including specific briefing sessions on the changes and how they impact on staff, workshops designed to help staff cope in time of change, and individual conversations. This work will recommend options for leadership and talent management, innovation, team and relationship building, but most importantly developing the culture, behaviour and values which make the new operating model a success.

Conclusion

28. The Board is invited to:
    - Agree to the overall programme approach, endorse of the pilot phase and the testing approach that involves the joint Regional Director posts – working for both NHS England and NHS Improvement – in the South East and an equivalent joint post in the South West;
    - Agree to the plan and high level timescales for the next phase of the programme; and
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NHS Improvement NHS England

NHS E&I South – Scenarios

Supporting Materials

6th September 2017

1 Putting a CCG into legal directions in South East

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- Issues with the CCG identified through existing monitoring processes, including regular financial and performance reporting, and engagement between the CGG and South East DCO Felicity Cox
- The system perspective, fostered through more integrated ways of working, helps to have effective local discussions on the key issues
- Local improvement interventions are designed, agreed and implemented, such as financial recovery plan

- Progress with improvement interventions discussed, and if these are not having the requisite impact, develop recommendations to put the CCG into legal through the **South Senior Operations Team**
- DCO makes recommendation proposal at the **South East Senior Team meeting**, Anne chairs

- Anne will make recommendations to the **CCG Assessment Delivery Group** (via the Regional Director of Assurance and Delivery)
- Directions are formalised legally, and signed off by the executive team and the **Commissioning Committee**

2 Provider starts failing in Somerset

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- Issues identified through existing monitoring processes, including regular financial, operational and quality reporting, and engagement between providers and South West DID Lisa Manson
- The system perspective, fostered through more integrated ways of working, helps to have effective local discussions on the key issues
- Identified local issues will be discussed between the DID, DCO and **Jennifer** as they arise, escalated to the **South West Senior Team Meeting**

- Regional solutions will be developed between DID, DCO and regional (e.g. finance, nursing) teams
- Escalated issues discussed at the **South West Senior Team meeting, Jennifer** chairs
- For more complex issues, Jennifer calls an NHSI **Collaborative Review Meeting**, bringing together national expertise to work on solution development
- Where formal action is required, recommendations will be made by the DID to the **Regional Provider Support Group, Jennifer** chairs

- In cases of serious failure, e.g. special measures, decision-making will be escalated to the **Provider Regulation Committee**, **Jennifer** is a voting member as an NHS Improvement ERMD