

ITEM 6

SOCIAL CARE AND HOUSING POLICY DEVELOPEMNT COMMITTEE

21 NOVEMBER 2007

UPDATE ON THE PROGRESS OF THE JOINT VENTURE PROJECT

Report of: Cathy Walker –Programme Lead

Purpose

To inform the meeting of progress to date on the progress of the Joint Venture project

Update on Key Issues

Previous information presented to this forum in June 2007 described the planned move towards a Social enterprise organisation. It was anticipated that the organisation would provide all existing provider services within the health and social care economy (with the exclusion of some children's social care services). During July the project team received updates on future direction of PCT provider services from a Department of Health perspective. The emphasis provided within these communications focused on separation of commissioning and provider functions, with a clear drive to move into interim provider bodies with delegated governance arrangements, a negotiated income base with commissioners, an ability to demonstrate autonomy through separated finances and opportunity to create a successful track record of operation.

In addition MK colleagues discussed social enterprise progress with colleagues from other similar organisations. Many had been stalled by key issues related to pension, asset transfer and VAT and estimate significant (a minimum of 14%) increase in costs on their provider services. They had approached the Department of Health Social Enterprise Unit for support in resolution of these issues and have been advised to delay further work, concentrating first on moving into an arms length provider body whilst the national policy issues are addressed.

The Social Enterprise Unit informally advised MK that they are awaiting confirmation of direction from Ministers following the change of leadership and encouraged providers to consider all available options including Community Foundation Trust.

This potential shift in direction required Milton Keynes Health and Social Care Partners to reconsider an alternative option, outlined here, which allows provider services to continue to move forward in line with the provider vision for services.

Milton Keynes Health and Social Care Partnership (Section 75 body)

Rationale

The creation of an overarching Section 75 (previously sec 31) agreement encompassing PCT provider services, Adult and Children's Social Care services, would enable the development of a Health and Social Care Partnership body with delegated responsibilities to progress the provider vision and service improvement agenda for the people of Milton Keynes. The principles of creating such an organisation are:

- To maintain integration / service development momentum
- Enables the potential inclusion of Children's services
- Enables the commissioning / provision separation
- Enables opportunity to include user and staff involvement within its governance framework
- Reduces impact on staff employment and protection of terms and conditions
- Enables contestability
- Provides the most direct route to the creation of a health and social care body
- Enables a period of 'testing' for the provider body prior to further separation
- Enables the PCT and Council to retain overarching accountability during the period of 'testing'

The separation of the delivery and provision of services from the commissioning arm of Milton Keynes PCT and Milton Keynes Council to the Section 75 Partnership body (described here on in as the partnership) will ensure the appropriate governance arrangements are in place to deliver and focus on provider services enabling the commissioning arm of the organizations (or the proposed commissioning confederation) to focus on its strategic objectives and commissioning intentions.

Progress

In October the Outline Business case, produced by the Joint venture project was formally agreed at the Council Cabinet meeting and the PCT Trust Board meeting. The document which is titled 'Transforming Health and Social Care for the people of Milton Keynes' can be accessed on the following links:

<http://www.mkpct.org.uk/papers.asp?AgendaID=49> or
<http://cmis.milton-keynes.gov.uk/CmisWebPublic/Meeting.aspx?meetingID=7922>

Or by contacting Cathy walker 01908 243417

Prior to the publication of the outline business case key agreements were reached by senior representatives of both organisations and a statement of intent was developed. This document outlined the key principles of future Milton Keynes health and social care commissioning and provision arrangements. The document clarified the intentions of a two phase journey for provider services. Phase One focuses on the development of a section 75 body that develops a service level agreement relationship with its commissioners and has its own governance arrangements Phase Two will see the provider body move to an alternative legal form, preferably a social enterprise organisation.

'The preferred legal structure for this Provider Body in its eventual format remains a Social Enterprise organisation (Step 2). Current guidance about transfer of pension rights, asset transfer and the addition of VAT to service charges mean that it the creation of a social enterprise is not currently a viable option until these issues can be adequately addressed. When circumstances change so that a Social Enterprise provider could be viable, then both MKC and MK PCT believe that this would once again become the preferred legal structure of the provider body. Should it seem unlikely that, within a reasonable timescale, a Social Enterprise organization is unlikely to be a practical organizational form, MK PCT and MKC will explore other organizational forms to deliver Step 2.'

Agreement has been reached to recruit a Chief Operating Officer to the provider body and to develop a shadow provider board with representation from both the Council and PCT and for wider representation from people who use the services and staff.

It is intended that the outline business case is used as a basis for consultation on the provider vision and there is an aspiration to engage wider stakeholders in the production of the final business case. Consultation activity will be planned with commissioning colleagues to ensure a co-ordinated approach.

- Currently the process of reaching final, high level agreement between the Council and PCT is moving forward and is aiming to deliver the following:
- Ratification of the statement of intent
- Development of a full business case for the proposed provider body
- Final preparation, agreement and ratification of the Section 75 agreement
- Integrated medium term planning between commissioners, enabling clear and comprehensive commissioning of provision leading to the agreement of a contract with the provider entity
- NED/Councillor appointments to an, initially 'shadow', Provider Joint Venture Board (This Board will become complete once a COO is in place and he/she has appointed a Senior Team)
- An appointments process for the COO – preferably overseen by the Shadow Provider Joint Venture Board
- To enable achievement of these outcomes the provider services are:
- Building an integrated leadership group across health and social care boundary (recognising that realistically putting the final, formal structure in place is unlikely to happen before the Spring of 2008)
- Re-mobilising and giving impetus to service and pathway development work in order to begin to derive benefits from integration (e.g. Long term conditions, Urgent Care, Access/Information and self-directed care etc)
- Specifying and developing organisational systems (Notably IT, HR, Clinical Governance, Finance) for the Joint Venture

Recommendations

That the Committee note the change to the original plan proposed in June.

C Walker Nov 07