

**Submission to Co-operation & Competition Panel**

**PROPOSED INTEGRATION OF NHS LEWISHAM  
PCT COMMUNITY HEALTH SERVICES AND THE  
LEWISHAM HOSPITAL NHS TRUST (UNIVERSITY  
HOSPITAL LEWISHAM)**

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# 1. Introduction

The purpose of this document is to seek the formal advice of the Co-operation and Competition Panel on the proposed merger between The Lewisham Hospital NHS Trust and NHS Lewisham Primary Care Trust Community Health Services.

The combined turnover of both organisations exceeds the Co-operation and Competition Panel's merger threshold of £35m and we therefore believe that the CCP would wish to advise on the desirability of this merger.

At its meeting on 29 July 2009 the NHS Lewisham Board agreed in principle that its community health services should integrate with University Hospital Lewisham, subject to the outcome of due diligence, the advice of the CCP and any other necessary approvals.

## 2. Background and Context

### Locality & Population Served

Lewisham is one of the largest inner London boroughs, with an area of 13.7 square miles and 18 electoral wards, with an estimated population of 262,522. There is a 50% difference in the indices of multiple deprivation (IMD) scores across these.

The projections from the Greater London Authority estimate that Lewisham's population will increase overall by 3% between 2008 and 2013. The greatest increase will be in young people aged 0–15. The numbers of those aged 65 and over is expected to decrease by 1% over the same time frame.

The proportion of those aged 65 and over from Black and Minority Ethnic (BME) groups is estimated to rise from 14% in 2001 to 27% by 2013. Some of the key characteristics of the local population are:

- High BME population, high deprivation levels and established health inequalities
- Very mobile population (including refugees), partially due to urban population, immigration, insufficient quality housing, insufficient employment opportunities and insufficient quality schools
- Lewisham has a much higher incidence than nationally of communicable diseases such as tuberculosis & HIV/AIDS.
- Lewisham has a disproportionately high burden of disease from sexual ill health
- Higher and growing population of children and young people
- Relatively Increasing life expectancy

### Current Arrangements

In April 2009 the provider arm of NHS Lewisham Primary Care Trust became an Autonomous Provider Organisation thus achieving 'soft' separation. The APO was renamed as Lewisham PCT Community Health Services (LCHS) and is currently preparing to become business ready for 1<sup>st</sup> October 2009, prior to its full externalisation from NHS Lewisham by April 2010.

LCHS provides a wide range of community based health services that are primarily, but not exclusively, focused on the borough of Lewisham. NHS Lewisham directly commission 21 of the 24 clinical services provided. NHS Lewisham is also the lead commissioner for two services that are provided to

Lambeth and Southwark as well as Lewisham. The one remaining service is commissioned by the Lewisham Hospital NHS Trust.

LCHS runs its discrete and locality-based services across three broad service groupings:

1. Children and Young People Services
2. Adult Services
3. Sexual & Reproductive Health

In 2008/09 LCHS total activity equated to over 547,292 total contacts, delivered in a range of settings, ranging from Community Clinics, Primary Care Centres, Clients' homes, Residential & Nursing homes, Schools, Community Centres and some acute settings. Currently Services are provided from 14 clinical sites across Lewisham Borough.

Further demographic details including maps showing the location of Lewisham and other nearby service providers can be found in Annexes C, D, H and I.

### **3. Transforming Community Services Organisational Structure & Decision Process**

#### **The Decision Process to Date**

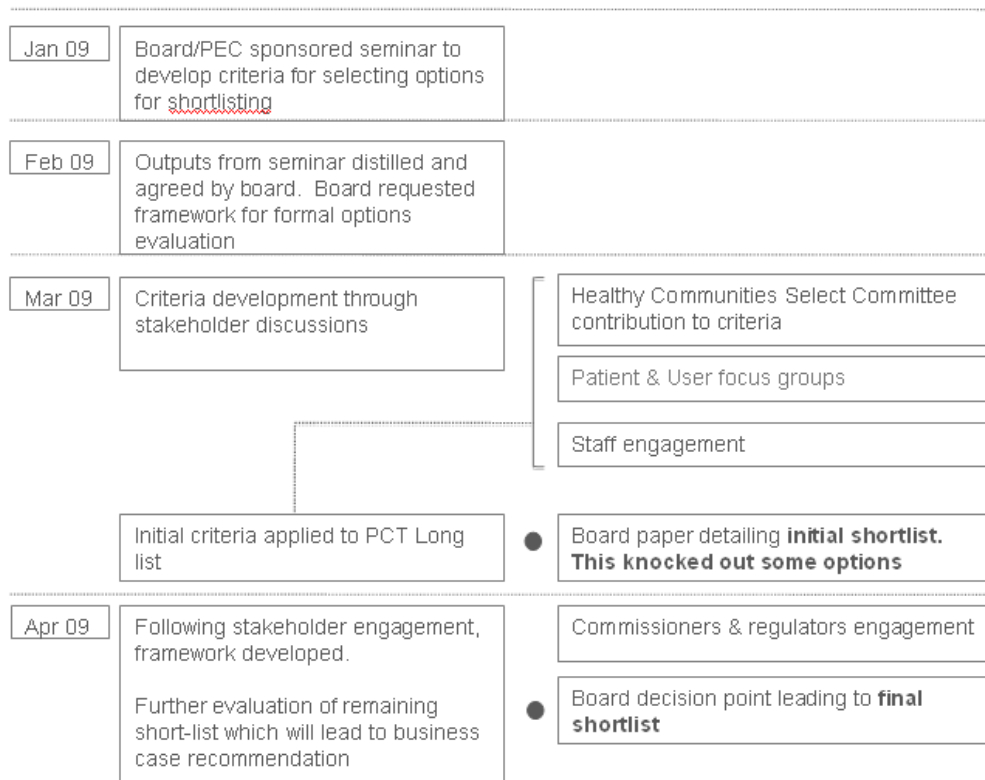
NHS Lewisham has followed an open and transparent process for deciding on the future of the community health services, a process that has fully engaged staff and other local stakeholders. Of the potential options, it became clear that

1. The community health services were too small to be sustainable on their own.
2. There was no staff enthusiasm for a social enterprise provider model.
3. Neighbouring community providers wished to pursue options other than creating a multi-borough provider.

The criteria for selecting options for short listing were approved at the February 2009 Board meeting. Expressions of Interest were then sought from potential willing local providers. In March 2009 the Board received feedback from the stakeholder engagement activities undertaken to inform the further development of the criteria. At that point, the Board members were able to eliminate two options for:

- Standalone Community Foundation Trust
- Joint Social Enterprise with another provider

The pre-short listing process can be summarised as:



The Board also requested a framework for formal options evaluation for the remaining options namely;

1. Direct Provider Organisation – status quo operating as a separate business unit within the PCT umbrella
2. Social Enterprise – standalone with community interest focus
3. UHL – vertical integration linked to their application for NHS Foundation Trust status
4. Oxleas Foundation Trust – vertical integration
5. NHS Lambeth – horizontal integration
6. NHS Southwark – horizontal integration

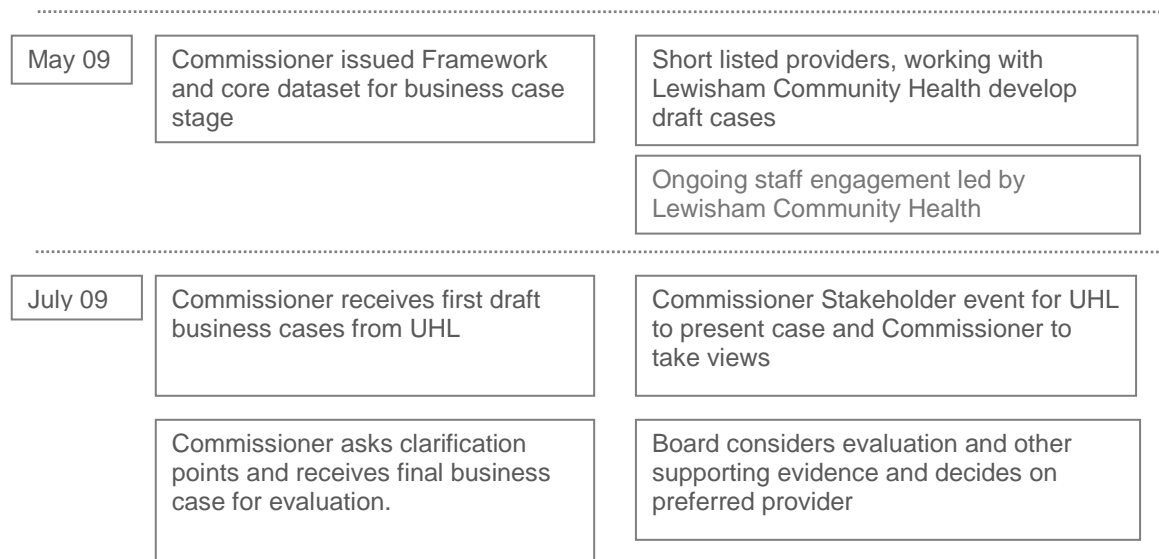
This framework was drafted and used to seek further information from the willing providers above via a questionnaire. NHS Lambeth and NHS Southwark (options 5 & 6) dropped out at this stage as they chose not to return their questionnaire.

The returned questionnaires were evaluated by NHS Lewisham internally against hurdle/must pass criteria and the differentiating criteria with scores weighted. At this stage NHS Lewisham short listed two trusts, UHL and Oxleas Foundation Trust – the mental health provider in Bromley, Bexley and Greenwich.

A Commissioner Framework for the business case stage was issued to the short listed providers at the end of May 2009. This included a business case template, including the key tests for evaluation, and a core dataset to support each organisation's due diligence processes. The framework is attached as a Board paper in Annex E.

After careful consideration, Oxleas withdrew from the process on 8th June due to having insufficient capacity and time to effectively and safely manage the due diligence process and transfer of new services whilst also continuing to safely and effectively deliver their existing services.

The post-short listing process can be summarised as:



## 4. Proposed Hosting Arrangements

In line with national policy as set out in the *Transforming Community Services* programme, the proposal is that the Lewisham Hospital NHS Trust becomes the single provider of community health services for the London Borough of Lewisham. This will see a transfer of the business, staff and services to the trust from the Primary Care Trust as a first phase. It is expected that this will later be followed by a second phase that will see the integrated hospital trust become a Foundation Trust.

### Benefits

NHS Lewisham Primary Care Trust considers that the benefits of this arrangement are as follows;

1. The transfer of the Community Health Services will enable the PCT to carry out a commissioner evaluation of the most appropriate service models and procurement approach for the services for the benefit of patients. It will also enable the PCT to concentrate on development of core commissioning competencies as a World Class Commissioner without the challenges or distractions of also running Community Health Services, albeit at arms length.
2. The proposed model of vertical integration between community health services and the local acute trust is in line with the Government's range of options. Although no particular organisational solution for the future of community health services is mandated, Primary Care Trusts are required to identify the solution that best suits them, their patients and staff.
3. Without the existing organisational boundaries that often hinder seamless care the new entities would be able to redesign care pathways for the benefit of patients, particularly those with long-term conditions. Instead of patients and their carers experiencing their care as a number of separate interventions from different care givers, there would be opportunity to deliver much more joined-up and coordinated care.
4. The proposed model would change incentives in the system so that the new organisation would be focused on delivering the right care, in the right place, at the right time, rather than on maximising the use of expensive hospital estate. At present, the acute trust has a perverse incentive to retain activity within the hospital, as otherwise it would be losing significant income. In the integrated scenario there will be an incentive to shift care activity off the hospital site to more appropriate,

lower cost settings in the community. At the same time replacing it with activity that requires the resources of an acute hospital. Integration would therefore enable the integrated trust to demonstrate and promote national policy on shifting care out of hospital. Preliminary estimates based on NHS London modelling work suggest that very significant sums could be saved in this way; to cite just one example, shifting adult chemotherapy into the community might save local commissioners around £4m per annum over the longer-term, as well as delivering improved convenience for patients and their carers.

5. Integration would open up new and rewarding opportunities for staff to work across the traditional boundaries of community and acute healthcare, aiding recruitment and staff retention.
6. The integrated organisation would have an income of around £215m a year. This would leave it better placed than UHL and the community health services individually to manage the emerging financial pressures, whilst giving scope to invest in better local services for local people.
7. Integration would also offer scope for developing new models of teaching, reflecting NHS London's aim to shift more teaching out of acute providers.
8. Last but not least, it would offer opportunities for innovative research in community health services using UHL's links with the South London Academic Health Sciences Centre King's Health Partners (comprising the three NHS Foundation Trusts Guy's and St Thomas's, King's College Hospital and South London and Maudsley, together with King's College London). Community health services is an area where research is under-developed

Annex A sets out in high level form the services currently provided by NHS Lewisham, then Annex B the small number of service provided in the community by UHL. The community health services have a budget of around £39m per annum, whilst UHL's budget is approximately £175m. Both organisations are largely focused on providing services to Lewisham residents.

## 5. Conclusion

Whilst enthusiastic about the potential benefits that vertical integration could bring, NHS Lewisham has been acutely aware of the importance of preserving competition and contestability locally. We would highlight the following.

1. The primacy of the GP gatekeeper role is preserved in the proposed arrangements, i.e. GP services remain outside the new vertically integrated organisation. This should allay concerns about the new integrated organisation manufacturing additional acute referrals.
2. NHS Lewisham is currently preparing its commissioning strategy for community services. The high level refresh is expected to be completed in October 2009 with the detailed strategy to follow by end of the year. NHS Lewisham has already identified several services for potential tendering over the coming two to three years.
3. There are various potential willing providers of community health services in South East London, including the community health services providers in neighbouring PCT areas and of course Oxleas. NHS Lewisham is therefore confident that it would attract interest in any future tender invitation. Additionally and in line with national policy, NHS Lewisham has retained ownership of the community estate, thus ensuring a relatively low barrier to entry of new suppliers into the market for community services in Lewisham.

Both parties have studied the Panel's report on the transfer of NHS Barking and Dagenham's community health services to North East London NHS Foundation Trust, which approved that merger, and would argue that similar arguments should prevail in this case.

## 6. Community Health Services Market Strategy & Commissioning Plan

Tribal Group were commissioned by NHS Lewisham to

1. Provide a report on the current market across South East London for community health services,
2. develop a tool of the market for NHS Lewisham to retain and up date as the community provider market develops and
3. provide more detailed segmented analysis for specific areas linked to our CSP programme priorities.

The main report is now available and is being considered. This report (see Annex I) provides insights into the opportunities for the future, benchmarking the performance of current services against other London PCTs. It also reports on the position of other local PCTs in their market management approaches to community health services. When triangulated with existing and further needs assessments, this information will help inform future commissioning intentions.

By way of example, a request for information from potential local providers has been issued by NHS Lewisham for phlebotomy services to help inform future commissioning intentions for this specific service.

In the planning hierarchy, the Commissioning Strategy Plan (CSP, included as Annex D) has primacy in terms of investment and service change priorities. In terms of Community Health Services, NHS Lewisham is developing a comprehensive Primary and Community Services Strategy (PCSS), which is positioned beneath the CSP. The overall strategic aim of the PCSS strategy is to *'improve the quality of, access to and scope of primary and community health care services in order to improve health outcomes for the whole population of Lewisham.'*

The PCSS aims to create an understanding and ownership of the strategic direction for primary care and community services and sets out NHS Lewisham plans for the commissioning of services in Lewisham until 2018. During the time period covered by this strategy NHS Lewisham expects to see 'radical' changes in the primary care landscape. Whilst embracing both national and local changes in order to support improved health outcomes for patients, NHS Lewisham also recognises the importance of the high quality service provided by many of the existing primary care and community service

providers. It is essential that these are developed further as an integral part of the changing landscape.

Examples of the imminent changes relating to Community Services include the implementation of the 'A Picture of Health' (APOH) and Healthcare for London proposals. These include the: introduction of new or development of existing services using open and transparent procurement processes; development of Poly-systems; redesigned roles delivering care closer to home and the development of an Urgent Care Centre at University Hospital Lewisham (UHL). These, along with the Board decision on the future of local community health services, will contribute towards the transformation of community services.

The key headlines in relation to community services from the developing document are;

<b>Workforce</b>	<i>Plan for the replacement of retiring staff and training and development of staff into new responsive roles.</i>
<b>Care closer to Home</b>	<i>Develop the service specification and commission services in the Waldron Health Centre as a polyclinic and plan jointly with the London Borough of Lewisham services to facilitate smooth safe hospital discharges and avoid unnecessary admissions. Develop a further three poly-systems, using hub and spoke models to provide access for the rest of Lewisham.</i>
<b>Urgent Care</b>	<i>Develop an urgent care centre at UHL in response to the outcomes of APOH.</i>
<b>Estates</b>	<i>Bring premises up to standard to meet the PCT Estates Strategy and the Disability Discrimination Act.</i>
<b>Service Redesign</b>	<i>Undertake a programme of service reviews to ensure services are commissioned along care pathways, for example services for people with long term conditions.</i>
<b>Service Development</b>	<i>Review Community Children's services to facilitate greater integration around Children's Centres.</i>
<b>Practice Based Commissioning</b>	<i>Develop practice based commissioning to further re-design services and to become multi organisational, incorporating other clinicians and their staff in addition to GPs and practice nurses.</i>
<b>Communication</b>	<i>Improve communication with patients, carers and voluntary sector providers.</i>
<b>Performance</b>	<i>Develop a robust performance management framework for all primary care and community service providers.</i>

In order to deliver integrated primary care and community services, NHS Lewisham aims to commission services that deliver:

- A high quality, cost effective, best value for money contracts for service provision, which are based on local needs.
- A primary focus on reducing health inequalities that underpins all commissioning decisions.
- Increased capacity, in fit for purpose settings, to meet the identified needs of patients and to support the appropriate re-provision of services historically provided in hospital.
- The development of, and engagement with, Practice Based Commissioning and other primary care initiatives.
- Re-shaped primary care and community services and new roles to facilitate the redesign of patient pathways, including the introduction

of new providers/provision to fill identified service gaps and deliver Choice.

- An environment that places a high priority on commissioning learning and development for all stakeholders whatever their role and responsibilities in order to develop a modern accredited, sustainable workforce where transferable skills and innovative practice are supported.
- An empowered population which takes an informed interest and responsibility for their health needs and promotion of well being, including them in the development of this strategy and subsequent changes in health care provision.

The PCSS is being re-shaped following Board comments in March and is expected to be agreed by October 2009.

The NHS Lewisham Commissioners (PCT and Practice based Commissioners) were fully engaged with Community Health Services in their recent review of provision. The resulting Community Services Development Strategy has been endorsed by the Board.

## 7. List of Supporting Documents

<b>Annex</b>	<b>Document Title</b>
A	Overview of Lewisham CHS Services
B	UHL Community Service Line Description
C	Community Health Services - Development Strategy
D	Commissioning Strategy Plan 2009 - 2013
E	NHS Lewisham Board Reports - April (short list)
F	NHS Lewisham Board Reports -July (Decision)
G	(Draft) Heads of Terms v1.2
H	Tribal Consulting - Market Analysis (Provider)
I	Tribal Consulting - Market Analysis (Commissioner)
J	Current Contract with CHS inc Service Specs. <sup>1</sup>
K	Due Diligence Checklist Draft 1.2 (work in progress)
L	NHS Lewisham Annual Report 2008-2009
M	Lewisham Hospital NHS Trust Annual Report 2008-2009
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<sup>1</sup> Note: further services specs have recently been drafted and are available if required