ITEM 3 - ADDENDUM

NORTH YORKSHIRE COUNTY COUNCIL

SCRUTINY OF HEALTH COMMITTEE

8 July 2010

Transforming NHS Community Services and its Implications

Purpose of Report

1. The purpose of this report is to provide an opportunity to update Members on recent developments within the NHS North Yorkshire and York as it seeks to transform its community services in North Yorkshire. How it chooses to separate its commissioning and delivery functions could have a direct impact on partnership working with this Council and Members will wish to explore the issue in some detail and contribute their views to its NHS Partner.

Introduction

2. In January 2009 the Department of Health gave guidance to all PCTs in a document entitled 'Transforming Community Services: *Enabling new patterns of provision'*. This required all PCT to have by April 2009 PCT direct provider organisations moved into a contractual relationship with the PCT commissioning function, and be business ready, using in 2009/10 the National Standard NHS Contract for Community Services and/or Mental Health Services.

3. No later than April 2010 PCTs were required to provide to, and agree with, their SHAs their intentions for the future of provider services, timescales for potentially establishing social enterprises or Community Foundation Trusts, market testing and a plan for supply-side development or integration with other NHS organisations.

4. In effect the provider arm of the NHS North Yorkshire and York has to be de-coupled from the PCT and either developed as a separate Trust or a social enterprise or alternatively be integrated with an existing Trust. For NHS North Yorkshire and York this initially gave the options of working with its own provider arm to become a county wide NHS Community and Mental Health Trust, locating it with one or more Acute Hospital Trusts, work beyond its own boundaries and join it with other Community Trusts in other neighbouring PCTs or establishing a social enterprise.

5. There was no national 'blueprint'. Decisions had to be taken locally by PCT Boards as the responsible statutory authorities, with processes and decision-making assured by Strategic Health Authorities. There were some guiding principles. Of particular note for the Council some essentials include:

   - the interests of patients and carers must be paramount;

- organisations must enable the provision of safe, effective, personalised care;
- proposals must also be able to deliver value for money for tax-payers;
- decisions about how services are provided should be led and made locally, with robust consultation processes;
- the early and continued involvement of staff, trade unions and stakeholders before any decisions are made;
- proposals must enable integrated care including with Local Authority services where appropriate and patient choice;
- PCTs should work in partnership with local authorities – to deliver a coherent community strategy as laid out in *Putting People First*, to which the NHS is cosignatory;
- proposals should enable joined-up health and social care service provision or other LA services such as with Housing, Education and Leisure.

The Emerging National Picture of the Transformation

6. As at March 2010 at least 6 PCTs were allowed to keep the status quo and held onto their NHS Provider Community Services. Some NHS Providers have become Trusts in their own right such as is the case with Cambridge. NHS Hull has completed the move to a social enterprise model.

7. It would seem many PCTs have moved in the direction of vertical integration with NHS Acute Trusts with, for example, nearly two thirds of London integrating with either acute Trusts or existing Mental Health Foundation Trusts. As time progressed and there was an increased urgency to hit national deadlines it soon became clear some SHAs were reducing the options open to their PCT and requiring them to give serious consideration to vertical integration with Acute Hospital Trusts.

North Yorkshire County Council Approach to Integration

8. Both Children and Young People's Services and Adult Social Care have sought over the years to have robust partnership arrangement and integrated approaches with NHS North Yorkshire and York. Looking back it was clear that having four Primary Care Groups and then four Primary Care Trusts was a major challenge for the Council and its staff in ensuring equity of service delivery and common standards and approaches across our wide county. There was much duplication of effort and much officer time was consumed by having meetings with four organisations which sought to differentiate themselves from their neighbours.

9. The development of one PCT covering all of North Yorkshire gave new opportunities for integrated approaches. Adult and Community Care Services for example agreed a common vision and commissioning statement signed by the present Chief Executive of NHS North Yorkshire and York and the Corporate Director for ACS. Ratified by the Council it committed both to finding ways to commission services jointly and to find integrated provider solutions for the people of North Yorkshire in such matters as telecare and telehealth, intermediate care and reablement and rapid response services all geared to keeping people well in their own homes and avoid residential nursing and hospital care as long as possible. The PCT appointed three locality commissioners across North Yorkshire and ACS reconfigured its service to mirror the PCT. Similar discussions were taking place in children's services but in the context of a much wider partnership involving police and others in the wider Children's Trust.

NHS North Yorkshire and York approach to transformation

10. The PCT Board in response to the Transforming Community Services agenda agreed their NHS Community and Mental Health Services (CMHS) (their provider arm) would be hosted by the PCT until March 2011. They hope to have determined the preferred organisational model by October 2010 and planned to enable implementation to commence in April 2011.

11. For the transformation of the NHS community services part of the service they took the view that a locality approach was essential and so establishing locality system boards with key stakeholders including representation from the Council.

12. Early on a decision seems to have been taken to have a separate process with a view to finding a new provider for mental health services and so the PCT established a Mental Health transformational group. In taking this decision there was, from the Council's perspective a closing off of possibilities to have a comprehensive NHS community and mental health service across North Yorkshire.

13. NHS North Yorkshire and York seemed to have received a very clear steer from the SHA on possible options for consideration. Direct provision in the region was seen as the exception – no proposals have been accepted to date. It would also seem that Community Foundation Trusts were not envisaged as models of service delivery in the Yorkshire & Humber SHA area. Having seemingly removed this option and already decided to separate mental health from the process then the options of future integrated models with NYCC services were from the outset being severely curtailed. It also seemed that any proposed Social Enterprises proposal at this late stage would need to go through rigorous assurances. The message may have been not to even consider it. The strong steer seemed to be for vertical integration with existing Acute Trusts. This steer seemed to be so strong that the perception of Council representative's on the locality system boards was that the decision had been taken and that the task of the Boards was in part to ratify that decision while at the same time using the opportunity to use this transformational agenda as a

lever to drive service improvement as much as possible and address the financial deficit.

14. The perception was that NHS Community Services would be divided into four Acute Trusts with mental health going to a new provider in all probability based outside the County. Whilst because of its geography this might suit City of York as a model having NHS Community Services divided once again into three, was perceived by NYCC Directorates as a backward step. There was also concern as to what would happen if community services were managed by Acute Care Foundation Trusts.

NYCC Concerns arising from the NHS Transformation

15. On 28 April 2010 our John Moore, Acting Head of Paid Services, Cynthia Welbourn, Corporate Director Children and Young Peoples Services and Derek Law MBE, Corporate Director of Adult and Community Services wrote to the Chief Executive of NHS North Yorkshire and York to express concern about the approach being taken to the Transformation of Community Services in the area covered by North Yorkshire County Council. The view expressed was that that the current policy direction being taken by the PCT may be too fragmented and could affect the partnership working with County Council services on which community health provision depends. The concerns related equally to children and young people, adults and older people.

16. In writing, NYCC recognised the Transformation of Community Services in North Yorkshire is taking place under immense financial pressure in the PCT and with a heavy policy steer from the SHA. Respecting this, and as experienced and pragmatic partners, therefore, sent representatives to engage constructively with the review process through Locality System Boards, and through the regular contact with Directors in the PCT. Two months into the process, however, as Council officers we advised the PCT that we could not see how our original concerns about fragmentation, efficiency and sustainability are to be addressed.

17. While not wanting to dictate who the NHS might choose as its provider partner, officers had a number of concerns including:

    a) whether all the chosen providers would be commissioned to work with NYCC in a consistent and coherent way across the County. If this does not happen, officers are concerned that a systematic approach to integration around users' needs may well be compromised, which would make it more difficult for both organisations to get the best out of resources. Given the financial challenges both organisations face, this could be significant;

    b) for similar reasons, officers were concerned about the process for considering the future commission for mental health services as it soon became clear it was being managed separately from transforming mainstream NHS community services. ACS is particularly concerned at their limited opportunity to influence the future for a service in which

significant staff affected by the review are their employees. CYPS is concerned that it has been given no opportunity to participate in the Mental Health Board at all, particularly since CAMHS has become harder to engage with;

c) the third and probably most significant concern is whether the capacity and funding challenges facing several Acute Trusts in the area pose risks to integrated and community based work for service users (children and adults). It is recognised fully that the PCT has big savings to make and that resources for Community Services cannot be exempt from that. We appreciate, also, that Acute Trusts would not take on lightly responsibilities for them, nor without good intentions. That said, we must question whether breaking up community resources which are already under pressure into four or more contracts, with organisations which have pressures of their own for hospital based services is the best option. Putting it bluntly the major financial deficit within the NHS in North Yorkshire arises as a result of Acute Hospital Services activity. Senior officers of the Council failed to see how allocating Acute Trusts the management of community health services would solve their budget problems without them seriously undermining investment in community provision or inadvertently creating a Cinderella service.

A National Pause

18. The arrival of the new Coalition Government has resulted in a revision to the Operating Framework for the NHS in England 2010/11 and something of a pause. While SHAs will continue to hold PCTs to account on the basis of the operational plans submitted in March 2010, the new Coalition has underlined a number of points to Chief Executives in the NHS regarding transforming community services including:

- that separating PCT commissioning from the provision of services remains a priority and must be achieved by April 2011, even if it means transferring services to other organisations while sustainable medium term arrangements are identified and secured;

- PCTs must therefore continue to develop and review proposals for the divestment of their directly provided community services but in doing so must ensure -

    - they have been tested with GP commissioners and <u>local authorities;</u>

    - final proposals are consistent with the aims of the forthcoming NHS strategy in strengthening the delivery of public health services and health services for children;

    - they consider a wide range of options, including the development and early delivery of Community Foundation Trusts and Social Enterprises, providing employee leadership and ownership;

- proposals should be capable of being implemented or substantial progress made towards implementation by April 2011.

Recommendations

19. Members should:

    a. note the requirement placed both nationally by the DoH and by the SHA to transform NHS Community Services;

    b. consider their position and what response, if any, they may wish to make to the proposed transformation.

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Background documents: None