

PUBLIC SERVICE TRUST FOR HEREFORDSHIRE

PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

23RD FEBRUARY, 2006.

Wards Affected

County-wide

Purpose

To consider proposal for a Public Service Trust for Herefordshire as a basis for further discussion if a Herefordshire Primary Care Trust continues as currently proposed in the consultation document

Key Decision

This is not a key decision because Council is not yet at the decision-making stage.

Recommendations

- THAT (a) the proposals for a Public Service Trust for Herefordshire be endorsed as a basis for further discussion with the Primary Care Trust, if a Herefordshire Primary Care Trust continues as currently proposed in the consultation document.**
- (b) a joint project steering group be established to develop detailed proposals for further consideration by Cabinet in the event that the proposal for a Herefordshire Primary Care Trust is supported by the Secretary of State for Health.**

Reasons

1. The West Midlands South Strategic Health Authority (SHA) is currently consulting on a reconfiguration of PCTs in the region, as a result of the Department of Health's "Commissioning a Patient-led NHS" proposals. These seek to establish larger PCTs with strengthened commissioning capacity, and to create a clear separation between provider and commissioning roles. The consultation includes a preferred option of retaining a Herefordshire PCT, but the SHA wishes to see how a relatively small stand-alone PCT can deliver the new requirements. Against this background, Council Officers and PCT Directors have considered the concept of a Public Service Trust (PST) for Herefordshire, aligning certain Council and PCT functions to create a larger Herefordshire entity with combined commissioning capacity. The SHA is interested to see further work on the PST.
2. These developments coincide with:
 - Restructuring of the Council's Children's Services and Adult and Community Services with separate commissioning and provider functions, and which is

Further information on the subject of this report is available from Stephanie Canham, Head of Social Care (Adults) on (01432) 260320

consistent with requirements on PCTs.

- Increasing importance placed on the achievement of the objectives of the Herefordshire Partnership, and effective delivery of the Local Area Agreement.

These factors make this a critical point at which to develop a Public Service Trust to build on the advantages of co-terminosity and joint work to date, with the added strength of providing a single vehicle to deliver on the Local Area Agreement and the Partnership's objectives.

3. On 8 March, SHA Directors will be meeting Council and PCT Officers to explore and test the fitness for purpose of PCT proposals, including the PST. After consultation ends on 22 March, the SHA will then be making recommendations about PCT configuration to the Department of Health.

Considerations

Progress to date

1. An initial proposal for a Public Service Trust for Herefordshire has already been submitted to the SHA with Herefordshire Council's "in principle" support. Since then, the Council's Corporate Management Board has considered further options for a PST, and Council Officers and PCT Directors have considered the proposals in more detail, as set out in this paper.

Policy Context

2. Recent central government policies relevant to this area all set a strong and increasing requirement for PCTs and Local Authorities to work in close partnership. These include children's Trust arrangements, the White Paper "Our Health, Our Care, Our Say, A New Direction for Community Service", Local Area Agreements and the emerging guidance on Local Strategic Partnerships. The Public Service Trust proposals here have been developed specifically to be an innovative and local solution to these policy drivers.
3. Children's Trusts are an important part of the Government's policy for improving Children's services. Children's Trusts are a requirement of Every Child Matters, the Children's Act 2004 and the National Service framework for Children, Young People and Maternity Services. Children's Trusts bring together all agencies and sectors that commission and deliver services for children and young people. They are based on common principles but there is no prescribed form and considerable local flexibility is encouraged to respond to local needs and opportunities. However, the DFES have provided a question and answer document on Children's Trust Governance, which provides useful guidance for establishing a local Children's Trust. This guidance indicates that Local Area Agreements and the Every Child Matters agenda should be mutually reinforcing. In Herefordshire the Children and Young People Partnership Board has agreed to develop into Children's Trust.
4. The new White Paper "Our Health, Our Care, Our Say: A New Direction for Community Services" (January 2006) sets many specific requirements for local authorities and PCTs to co-operate closely to support health and well-being. It anticipates more joint working in community needs analysis, commissioning and shared accountability arrangements. The White Paper tasks both organisations to take on a wider agenda covering community well-being, including services

such as transport, leisure and housing as well as “traditional” health and care services.

Other key White Paper requirements for integrated working are:

- Joint strategic information pooling and needs assessments of the local population.
- Possible joint appointments e.g. Director of Public Health (already applies) and Director of Adult Social Services.
- Public health resources integrated and brought to bear across the local public sector.
- Joint commissioning teams – working to new combined guidance from the Department of Health.
- National performance assessment regimes for PCTs and LAs to be merged, and to assess specifically the integration of commissioning.
- Aligned planning and budget cycles for the NHS and LAs from 2007/08
- A single complaints system for the NHS and Local Authorities.

All of this integrated activity is seen as taking place under the umbrella of the LSP as the “partnership of partnerships” and with the LAA as the framework for delivery. A Public Service Trust offers a real opportunity to step beyond current partnership working to a more radical and streamlined model in response to the White Paper.

5. The Herefordshire Local Area Agreement is currently under development and is one of 13 single pot agreements which are being negotiated for sign off in April 2006. The Local Area Agreement has four key themes which it is proposed will form the basis of the thematic groups supporting the revised Herefordshire Partnership structures. Following a comprehensive consultation process the Herefordshire Plan is being reviewed and new governance arrangements are being developed for the Herefordshire Partnership (Herefordshire’s LSP). The ODPM has also issued a consultation paper on LSPs entitled LSP “Shaping their Futures” which includes advice on the governance of LSPs. This paper proposes that LSPs should be the overarching partnership in a locality and that they should move from the role of advisory bodies to take on a more proactive role as commissioning bodies.
6. The Local Area Agreement process puts LSPs at the centre of negotiation, delivery and monitoring of the priority outcomes of a local area. It is proposed that the Herefordshire Partnership governance arrangements will be reconfigured around the four themes of the Local Area Agreement. The LSP guidance also suggests that Children’s Trusts should be the primary partnership vehicle for delivering the Children and Young People’s theme of the Local Area Agreement. The Public Service Trust proposal is based on the PST being fully embedded in the structures of the Local Strategic Partnership and LAA. It takes as the key content of the PST the “Children’s and Young Peoples” block (or theme) and the “Healthier Communities and Older People” block. Their inclusion would allow integrated working relationships between the Council and PCT within the single PST, and with potential at a later stage for considering further blocks for inclusion

in the PST as the unit to drive and deliver implementation.

Local Context

7. Earlier papers to Cabinet about the PST have also highlighted:
- The importance to local people of maintaining local accountability in the form of a Herefordshire PCT controlling local NHS resources, and of local unitary government.
 - Past achievements of the Council and PCT in realising the benefits of co-terminosity. Besides joint structures and shared teams, some of the tangible examples include:
 - Jointly commissioning and funding a new Community and Social Care facility at Kington.
 - Joint development of the SHAPES programme offering exercise, lifestyle and rehabilitation programmes.
 - Integrated mental health, learning disabilities and other services.
 - Joint COMPACT with the voluntary sector.
 - Joint team working on public involvement for health and social care.
 - Primary care based/attached social workers.
 - Joint approach to emergency planning and health protection – tested to the limit by the Legionnaires outbreak.

Paragraph 12 sets out why the formation of a Public Service Trust can better meet the new and greater expectations of joint working, rather than simply continuing with current joint working arrangements.

The Public Service Trust Role and Responsibility

8. The Public Service Trust would bring together the Council's and PCT's broad commissioning (i.e. needs analysis, planning and contracting) into a single organisation to deliver the objectives of the LSP and LAA. It would not be a partnership forum, but a unit to implement actions, including the functions of:
- Commissioning and planning, including recognition of locality needs.
 - Public health, and health protection/promotion.

In addition there is scope for the Council and the PCT to explore joint corporate arrangements for performance management and public and service user involvement/information in the wider context of the LSP.

A recent paper by the Local Government Association (“The future of health and adult social care – a partnership approach for well-being”) strongly supports the integration of these functions for Councils and PCTs.

The unit would take responsibility for all relevant aspects of these functions for the PCT and Local Authority in their entirety, to avoid duplicating skills and teams back in the “parent” PCT and LA. Accountability would rest in the PST Board, and from there back to the Council and to the PCT Board (paragraphs 13 to 15 and Appendix 1 describe governance arrangements).

The PST will be responsible initially for services and issues relating to the two LAA “blocks” of:

- Children and young peoples’ services
- Healthier communities and older people

These blocks do not operate in isolation and it will be essential to ensure there are appropriate links with a range of other services such as:

- Leisure, housing, transport and environmental services as they relate to the well-being and health of communities, and the LAA.

The Council will wish to ensure sufficient focus on these areas within the PST, especially in the light of the need to address performance and budget issues here. It will also be essential to sustain closer integration of children's social care with education services, and closer integration of adult social care with community services.

It is proposed that alongside work to establish a new PST, potential additional content is explored, to test whether additional LAA blocks, and broader PCT or Council functions might be added, to streamline functions and avoid wasteful duplication. This work will also need to consider implications for other LSP partners.

9. The proposed PST is a commissioning structure, and as such it would not be appropriate for service provision to be included, however the joint discussions have identified potential for more joint provision of service. The PCT is exploring options for the future of its own provider services, especially social enterprise models (NHS social interest “not for profit” companies) as described in the White Paper. It is proposed that future joint discussions explore whether PCT and relevant Council provider services could come together in a separate “Social Enterprise”, commissioned by and working with the PST as a means of delivering service change.

Over time, it is possible to envisage a scenario in which PCT provider services sat within a separate social enterprise model, allowing remaining “parent” PCT functions to be consolidated into the PST.

The PCT has had discussions with the SHA and other NHS mental health providers about forming a Foundation Trust for mental health. However, the Council would also be interested to explore if a joint provider service vehicle could provide an innovative means of delivering mental health and learning disability services with joint local management within the County.

The Vision of the PST

10. Our vision is that the PST will support and improve the health, well-being and prosperity of Herefordshire people. It will be more effective at delivering this agenda by bringing together the commissioning of a wide range of relevant services in one

organisation, sharing resources and integrating our approach.

Benefits

11. A Public Service Trust should only be pursued if it offers clear benefits for the public, service users, patients and carers. Key benefits to be realised include:
- Creating a more effective force to sustain and develop a vibrant local economy, and deliver the targets of the LAA.
 - Providing stronger commissioning of services for the public, by combining scarce commissioning capacity, with the aim of improved performance and better outcomes for individuals and communities.
 - Providing stronger market management and more opportunity to develop innovative provision through joined-up commissioning.
 - Opportunities for better value for money and cost savings by combining resources/sharing services (see paragraph 19).
 - Creating a formal governance arrangement to deliver:
 - Children's Trust arrangements.
 - Public health joint programme.
 - Key parts of the LAA.
 - A mechanism for GP practice based commissioners to work with commissioners of broader services, beyond health. A HPST could, for example, develop annual accountability agreements with practice based commissioners including public health targets.
 - A “rural proofed” solution to achieve viable services for relatively small rural populations, distant from other population centres, by combining LA and PCT commissioning requirement (e.g. Kington Court).
 - Potential for an integrated team working on public engagement and information within the broader context of the LSP– more opportunity for the public to talk to and have a voice with joined-up local services, and to develop the links between public service information, public health requirements, and community development work.

Public Service Trust versus Partnership Working - Beyond Partnership Fora

12. In theory, at least some of the benefits listed above for the PST could be achieved simply by partnership working. However, experience strongly suggests that an integrated unit will be more effective, especially in:
- Potential for clearer and more targeted working, via work taking place in one unit, rather than requiring ongoing duplication between two organisations.
 - Stronger information pooling and needs assessment, leading to better understanding of overall priority issues. In turn this should lead to better services and improved health and well-being. The Director of Adult and Community

Services, Director of Children's Services and Director of Public Health will be the key individuals in the PST tasked with this.

- Being held accountable, via a single Chief Operating Officer and Board, for delivering change in a more focused and robust way than partnership fora tend to provide.
- Providing a single commissioning focus which practice based commissioners can link with, over social care and various well-being related services, and which recognises locality needs.
- Opportunity to unify and clarify currently disparate Section 31 arrangements, and strengthen the resources needed to deliver the services including reviewing the financial and service risk sharing arrangements.

How will the PST deliver the benefits?

Governance Arrangements

13. The PST will be a unit consisting of integrated teams, accountable to a PST Board, which in turn has lines of accountability to the Council and PCT. It will be founded on the principles of joint appointments, co-location and a single set of objectives it must deliver. Although the PST is a technically "virtual" organisation rather than a statutory one, almost all individuals in the PST would have all their time allocated there, rather than being split between the PST and either the Council or PCT.
14. The PST governance model needs to be fully embedded in the decision-making and performance management structures of the Herefordshire Partnership and Herefordshire Local Area Agreement. This has been taken account of in these proposals. The new PST Board could subsume and replace the current Section 31 Boards, and could provide the overarching governance structure for Children's Trust arrangements. Resolving this detail features in the attached action plan (Appendix 2).
15. Three options for governance are set out in the appendix, with discussion of the pros and cons of each. Cabinet is asked to support Option 2, to be taken forward for more detailed working up.

Budgets

16. All relevant commissioning and public health budgets would be devolved to the PST, using Section 31 flexibilities. The PST Board would then be accountable to the Council and PCT for those budgets against the delivery of an agreed plan (see below). The PST should be well placed to take advantage of the aligned planning and budget cycle promised by central government for the NHS and LAs for 2007/08.

Accountabilities/Failure to Agree

17. The Public Service Trust Board will be accountable to the Council and PCT respectively for delivery of the PST's objectives, including financial balance and statutory responsibilities including the requirement not to act ultra vires. The seniority of membership of the PST Board is intended to support a high degree of devolved responsibility. Accountability mechanisms need to be developed in detail, but are likely to focus on the agreement with the PCT and Council of, a three-year plan combining the LAA and the Local Delivery Plan. The promised alignment of central planning cycles and commissioning guidance for Councils and PCTs should facilitate

this.

18. Clear arrangements to deal with failures to agree are needed. Current Section 31 agreements provide a basis to build on, including an escalation/arbitration procedure involving the SHA and Council Chief Executives, and a protocol for dealing with financial problems which takes into account the organisations' proportional contributions.

Shared Services

19. The PST provides an opportunity for the wider Council and PCT to share back-office functions (whether outsourced or provided by one organisation for the other) to reduce costs and add value but it may well be more productive to consider these in the wider context of the LSP.

The following services are proposed for more detailed consideration:

- ICT
- Finance
- Human Resources
- Communications
- Legal Services
- Estates and facilities
- Transport
- Procurement
- Complaints
- Information/public involvement/public relations.

Shared services arrangements could offer benefits regardless of the progress of the PST, and it is therefore recommended that they be explored in any event.

The potential social enterprise organisation for provider services (see paragraph 9) might provide a base for local shared services.

Next Steps

20. The next key milestones are:
 - 8 March 2006: Meeting of Council Officers and PCT with the SHA, to assess support for and fitness for purpose of the Public Service Trust.
 - April 2006: Decision regarding Herefordshire PCT Public Service Trust.
 - 1 October 2006: New PCT with affordable structure to be in place.
 - End 2008: All PCT management cost savings to be achieved.

Risk Management

Key issues are:

The formation of the Public Service Trust represents the best safeguard currently against the risk of loss of local Herefordshire decision-making and accountability on health matters.

Appropriate joint project planning and management will be essential to ensure the robust formation of the PST.

Consultees

Background Papers

Appendix 1 - Governance Options

Appendix 2 - Action Plan