

PUBLIC SERVICE TRUST FOR HEREFORDSHIRE

PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

20TH SEPTEMBER, 2007

Purpose

1. This report has been prepared following the recent public consultation and detailed consideration by the PST Steering Group. It is designed to aid the Council's Cabinet and Herefordshire's Primary Care Trust Board with their decision-making regarding the proposal to develop enhanced partnership working with a view to the formation of a Public Service Trust (PST) for Herefordshire for the benefit of people in the County.
2. The Cabinet is invited to consider the outcome of the public consultation and to consider and to agree the way forward.

Background

3. This report has been prepared to aid the Council's Cabinet when considering its response to the consultation and the way forward. Whilst it is designed to focus on the consultation and the options for the future, it includes background information to help inform and assist the Cabinet in understanding the extensive process that has been undertaken by the Council and PCT since early 2006, as it is recognised that there have been a number of changes in Cabinet and Trust Board membership since that time. Much of the information contained in this report will be familiar as it draws on previously published information for the purpose of consistency.

Summary

4. The Cabinet will be aware of the background to the proposal to develop a Public Service Trust for Herefordshire from previous reports. The impetus for this came early in 2006 after the Government proposed reorganising Primary Care Trusts in England. It was as a result of this and following local consideration of the options that a proposal was made by the PCT for Herefordshire to retain a Primary Care Trust that was coterminous with its Local Authority. This proposal was put forward with the full support of the Council, PCT and Health Scrutiny Committee on the understanding that they would work together to achieve a more integrated approach to public services within the County and to ensure that local responsibility and services were retained in the long-term. Indeed the PCT Board said in its formal response to the Strategic Health Authority in February 2006 "*The PCT supports the continuation of a Herefordshire PCT, on the basis of an integration of commissioning, planning and public health functions with Herefordshire Council, rather than remaining as currently configured*". The Council's Cabinet reinforced this view in February 2006 when it recommended:

That

- *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.*
- *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.*

5. This resulted in a joint response to the Strategic Health Authority on behalf of Herefordshire Council and Herefordshire's Health Scrutiny Committee in support of retaining a PCT for Herefordshire and for the developing the concept of Public Service Trust arrangements for the County.

6. A key factor behind the Councils response related to its management of risk i.e. *"the comments on the consultation are aimed at minimising any negative impact of the proposed reconfigurations on the residents of Herefordshire"*. The paper to the Council in March 2006 explained, *"There are no Alternative Options"*.

7. The outcome following the public consultation held between 14th December 2005 and 22nd March 2006 was that the Government announced that there would continue to be a separate Primary Care Trust for Herefordshire recognising that the proposal to establish a Public Service Trust could be beneficial.

8. The vision behind this was to revolutionise local public services by building on the existing individual strengths of the Council and the Primary Care Trust to fulfil a vision for a single leading-edge organisation with three key aims:

- To deliver a wider range of excellent and integrated public services designed around the needs and expectations of individual patients and customers.
- To provide better value for money for local taxpayers, with savings on management costs as the Public Service Trust moved to a single management structure.
- To safeguard and enhance local health and public services in Herefordshire.

9. As a result of this and the successful case that was put forward for retaining a Primary Care Trust that was coterminous with the Local Authority boundary; the Council and Primary Care Trust were compelled to initiate the work required to develop the concept from a vision to reality.

10. An independent consultant was subsequently engaged to work with the Council and the Primary Care Trust to take this forward and to produce a scoping report. This report was published in August 2006 and was supplemented by a further report in September 2006. Following consideration the Cabinet and the Primary Care Trust Board endorsed the recommendations contained in the report as the basis for continuing work.

11. A Project Director and Project Officer were subsequently appointed in January 2007 with the terms of reference to work with the Council and the Primary Care Trust to build on the scoping exercise and take the proposals forward. The

priorities were to establish the project structure needed to develop the detailed work, to facilitate a public consultation and to support the Council's Cabinet and the Primary Care Trust Board's decision-making process. The culmination of this was to enable a decision "in principle" to be taken based on the outcome of the combination of the wide-ranging work and feedback from stakeholders as a result the consultation exercise.

12. A project Steering Group was established on behalf of the Council's Cabinet and the Primary Care Trust Board at the beginning of February 2007 and the Project Initiation Document (PID) was agreed at its first meeting in February 2007.

13. The Steering Group has met monthly and is jointly chaired by Leader of the Council and the Primary Care Trust Chair. Its membership includes both Chief Executives, Cabinet Member, Non Executive Director (NED), Chair of the PCT's Professional Executive Committee (PEC), Representative of the Government Office West Midlands (also representing the Strategic Health Authority) and PST Project Director.

14. It was recognised that with local elections taking place in May 2007 it was imperative that the support previously given by the Council to the retention of a Herefordshire based PCT should not become a party political issue. To that end the Council has confirmed the support of the four political group leaders at each stage of the proposal.

15. Eight working Groups were established by the Steering Group at the beginning of February 2007 with the terms of reference required to address a wide range of issues designed to support the objective to move the Council and the Primary Care Trust from the scoping report to public consultation.

16. Working Group's were established to cover all key areas of business as follows:

- Change Management and Human Resources.
Chaired by Julie Thornby, PCT's Director of Corporate Development.
- Communication, Consultation, Involvement and Clinical Engagement.
Chaired by Robert Blower, Council's Head of Communications.
- Corporate Resources, Finance and ICT*.
Chaired by Sonia Rees, Council's Director of Resources.
- Environment Services.
Chaired by Andy Tector, Council's Head of Environmental Services.
- Integrated Governance.
Chaired by Dr Ian Tait, GP / PCT Professional Executive Committee (PEC) Chair.
- Planning, Commissioning and Performance Management*.
Chaired by Yvonne Clowsley, PCT's interim Director of Planning & Performance.
- Public Health and Health Improvement.
Chaired by Frances Howie, OCT's Associate Director of Health Improvement.
- Service Users.
Chaired by Jane Jones, Council's Director of Corporate and Customer Services.

* Following review these groups were replaced by the Corporate Strategy & Resourcing Group with effect from the beginning of September. This recognises the interrelationship between these key areas of work. This group will be Chaired by Sonia Rees.

17. In addition to this other task specific groups have been or are in the process of being established including:

- Information Sharing Protocol development.
Chaired by Marcia Pert, PCT's Acting Director of Finance and Performance.
- Shared Services Review.
Chair to be agreed following consideration of the project brief.

18. The Working Groups are required to address the success criteria, key questions and to contribute to the ongoing development of a partnership agreement highlighted in the original scoping report and approved by the Council's Cabinet and the Primary Care Trust Board. The Working Groups include key people from within the Council and the Primary Care Trust along with other stakeholders including the Third (Voluntary) Sector, Staff Representatives and the Patient & Public Involvement Forum (PPIF). The Working Groups have produced regular reports to the Steering Group and have made good progress regarding the way forward.

19. The Steering Group has begun a review of the initial project structure as it enters the next phase of its development. It recognises that the structure needs to be dynamic if it is to be able to respond to the priorities set by the Council and the PCT and, if it is to harness the correct expertise and optimise the use of peoples time in pursuit of achieving its objectives. In doing so it is important to consider the further engagement of key strategic partners e.g. the Third (Voluntary) Sector, The Herefordshire Partnership, Local Medical Committee, Hereford Hospitals NHS Trust, Education and Head Teachers.

20. It is envisaged that Working Groups will be supported in the delivery of their strategic objectives through people / time limited groups that are more operationally based and task orientated.

Consultation

20. The formal consultation "The Future of Public Services in Herefordshire" took place between 12th June and 31st July 2007. The consultation document was approved by the Council, PCT and the Strategic Health Authority with the support of the Government Office West Midlands.

21. A wide-range of stakeholders were engaged in the process in accordance with the detailed Herefordshire Public Service Trust Communications and Consultation Strategy. The consultation was viewed as a two-way process and consultees were actively encouraged to comment on the proposal. This was done in a variety of ways including feedback forms at the back of the consultation and summary documents, via a FREEPOST address, online via www.publicservicetrust.info, by email to consultation@herefordpct.nhs.uk or in writing to the Project Officer.

22. Assistance was offered to anyone who needed help understanding the consultation document or needing it in other format or language.

23. Significant work was done as a result of Communications and Consultation Strategy to raise awareness of the project in advance of the public consultation. A wide-range of opportunities were created for staff and people in Herefordshire to engage and contribute to the consultation. This included publication of the full proposal and a summary document, access to a dedicated website (www.publicservicetrust.info) that included links from both the Council and the PCT's own websites, the publication of a series of FAQ's and a series of events that were held throughout Herefordshire where both staff and members of the community could hear more about the proposal and discuss it in more detail with those directly involved in the work. These events were led by the Leader of the Council, Chair of the Primary Care Trust and both Chief Executives with the support of a wide range of other senior colleagues all of whom played an active role. In addition to this were briefings for the local press, radio, key stakeholders and ad hoc publications or information e.g. members newsletter. The consultation also received regional television news and local radio coverage, was reported in the national press and local government journals.

24. In addition to this the Steering Group has paid particular recognition to the importance of developing a prospective Public Service Trust in partnership with the Third (voluntary) sector whom it recognises has a vital and significant role to play in public services for people in Herefordshire.

25. The public consultation made it clear that the proposal was to establish arrangements for a Public Service Trust under the existing umbrella for developing partnerships namely Section 75 of the National Health Service Act 2006 (previously Section 31 of the Health Act 1999). These arrangements have been specifically developed for the purpose of enabling NHS Bodies and Councils to have the flexibility to work together in developing co-ordinated services. It reinforced the fact that this provided the framework for the Public Service Trust and that whilst it would not be a legal entity it would be a novel and innovative partnership that made new and maximum use of existing legal powers for NHS Bodies and Councils to work together in designing and commissioning improved services for local people. This would help overcome organisational boundaries and achieve a fundamental shift in thinking from a National Health Service that has traditionally addressed ill-health first and promotes well-being to one that places health and well-being first and addresses ill-health to the highest possible standard when required.

Response to the Consultation

26. The headline response was that there were 221 replies of which 57% of respondents confirmed their support for the proposal and 41% against it. Although disappointed by the overall number of replies the Steering Group recognised that those received provided a good insight into opinion regarding the proposals. The detailed statistical analysis (Issue 3) of the public consultation can be found in Appendix i to this report. Further details of the methodology used, public consultation events, response themes and consultees can be seen in Appendix ii of the detailed report to the Health Overview & Scrutiny Committee 14th August 2007. In this the Trust Board can see the replies grouped by themes and by those who supported the proposal and those who were against it, including where appropriate

any accompanying letters. This is in line with the Council and PCT's commitment to conducting an open, transparent and inclusive consultation process. A media and promotions record was also included as part of the overall report to provide an insight into the extensive efforts that were made to engage with stake-holder groups members of the local community. Indeed the Chair of the Health Scrutiny Committee praised the way in which the public consultation had been conducted. The Committee recognised that "it was through no lack of effort that public engagement had been limited" and that "a positive outcome from the process nonetheless was that those who had participated had recognised that the aim of the PST project was to deliver improved services". The draft minutes of the Health Scrutiny Committee are included in the report at Appendix iii.

The Way Forward

27. The original timetable for the PST development set out a programme leading to the formation of shadow PST arrangements from October 2007 with the arrangements becoming fully functional from April 2008. However in the course of events there have been unavoidable delays against the original time frame including:

- Changes in the PCT Board (September/October 2006).
- Council elections (May, 2007).
- Changes in national policy and the additional time taken to incorporate the Strategic Health Authority's helpful feedback on the draft consultation document (June 2007).
- Changes in the PCT Chief Executive position (September 2006) and (June 2007); and changes to the senior management teams.
- Delay in appointment of Project Director.
- Uncertainty about the appointment of a new Chief Executive.

28. Despite this the project has progressed and the understanding between the Council and the Primary Care Trust has deepened. The key aims and objectives of the proposal for a PST remain the same.

They can be summarised as follows:

- To provide high quality seamless services.
- To enable the development of existing and new services that are efficient and demonstrate value for money.
- To retain decision-making on the geography of Herefordshire.

The Core Principles of Joint Working have also been agreed as follows:

- Both parties are equal.
- Building trust through openness and honesty and recognition of cultural differences.
- The need to appoint a single Chief Executive and other senior managers where appropriate.

- Maintaining the engagement of both the workforce and the community.
- Bias towards integrated provision through single assessment, single research system, and single communication systems.
- Securing financial stability and appropriate management of risk.
- Maintaining focus on the vision, ensuring activity is directed to the key aims.
- Respecting the reputation and credibility of both organisations and agreeing as part of the partnership document an exit strategy if required which respects the needs of both parties.
- Robust systems and processes to be in place.
- An acknowledgement and respect for differences as well as common interests.
- Integrated communication to public, stakeholders, media etc. wherever possible.

29. It is recognised that there is still a wide range of activity that needs to be progressed, either within or without the framework of the proposed Public Service Trust. There are key national drivers through the Local Government White Paper and the Local Government and Public Involvement in Health Bill, which will influence those activities. These activities include:

- Joint commissioning of public health services, services for older people and for children and young people.
- Development of Children's Trust arrangements by 2008.
- A joint modernisation programme for existing integrated services.
- Development of the agreed joint framework for the delivery of public health.
- Development of a programme, which builds on the national exemplars of the potential for shared services.
- In the interim, develop the local opportunities for immediate joint working across HR, training and development, communication, emergency planning, research and development wherever possible under single leadership and in the context of the emerging approach to shared services.
- Establish arrangements for supporting these essential steps through an organisation and cultural change programme which recognises the existing resistances to change and areas for further work which will be materially affected by the decision in relation to the PST.
- Development of key services exemplars of joint working within Herefordshire, not only to demonstrate impact but also in order to build confidence between the partners.

30. Areas for further work.

Most of the activity listed above will be materially affected by decisions in relation to the PST and/or the timing of its introduction. In addition to this it will be important to:

- Maintain the positive support of the Strategic Health Authority (SHA) and commitment of the Government Office West Midlands (GOWM).
 - Establish consistent buy-in from Council, Primary Care Trust and employees.
 - Develop clear governance structures and establishing an appropriate time scale for those. Attention will need to be given to the existing complex joint governance structures irrespective of the decision on the PST.
 - Provide a comprehensive analysis of the financial implications of the proposals, significant elements of which will be picked up through the work being undertaken jointly by our external auditors.
 - Examine the inter-relationship between pooled budgets under Section 75 of the NHS Acts and the Local Area Agreement (LAA).
31. Further work will need to be undertaken to support the activity listed above and as set out in the attached draft road map and timetable.
32. Prior to this however there is a need for the Council and the Primary Care Trust Board to give a clear steer regarding their preferred option for the way forward. This needs to be coupled with a realistic time scale that reflects the views expressed by the Council's Cabinet, Primary Care Trust Board the staff of both organisations, the views of the Health Scrutiny Committee and the outcome of public consultation.

Options for Consideration

33. The following options were considered by the Steering Group.

- **Option 1: Status Quo** – This would imply remaining in current format but with more explicit efforts to improve existing integrated services. This has not driven success to date. Herefordshire has taken a very “safe approach” to joint working. Section 31/75 arrangements locally do not pool budgets in the strict sense. The integration of front line teams is under-developed in comparison to better performing neighbouring authorities. Being average is not an option for the future. The significant progress that has been made as a result of the PST project would be lost and the prospective gains would not be brought to fruition. It is likely that at some point in the future the viability of a relatively small Council and PCT would be called into question, with the risk of reconfiguration that could see Herefordshire becoming just one part of a much bigger organisation whose focus will not be dedicated to developing public services in Herefordshire. A decision to stay with the status quo will have reputational and credibility impact and will not match the expectations of the Local Government White Paper and the Local Government and Public Involvement in Health Bill.

- **Option 2: Delay timetable and devote further time to detailed preparation** – The call for more time and more consideration is always a component of change but does not always produce better quality working. Whilst it is important to set a realistic timetable, it is essential to maintain the momentum as both organisations are now beginning to suffer in terms of uncertainty and that is leading to loss of staff and loss of commitment. Both organisations will have to address the issue of their existing CEO positions. Many of the issues that may give rise to this option being given serious consideration would be overcome by acknowledging the unavoidable delays earlier in the project and the comments of the Health Overview & Scrutiny Committee. There will be reputational risks in seeking to pull away from what has been seen as an exciting model nationally.
- **Option 3: New CEO appointed (Appendix iv), with an agreed roadmap and timetable (Appendices v and vi); and with an agreed working framework for interim governance arrangements in place by the time the CEO takes up their appointment** - This would provide a detailed step by step guide to the key tasks and timetable required to satisfy the declared priorities of the Council and the PCT Trust Board. This would enable the clear managerial leadership that is needed to take forward the development and reinforce the Council and PCT's overall direction of travel. It would provide clarity regarding the key objectives and milestones that are required to achieve tangible progress, and provide the confidence needed to reaffirm the commitment to taking the proposal forward proactively and positively building on the successes to date. This option would enable the managerial model to be developed on a different timescale from the final governance arrangements to take on board the constructive feedback that has been provided by the public consultation, Health Overview & Scrutiny Committee and Workshops without detriment to either work stream. The emerging Children's Trust arrangements coupled with the appointments around Adult Services and Director of Public Health could act as pathfinders and enablers in the context of the overall framework for a PST.

34. Having considered the options the Steering Group recognised that there are a number of key issues on which it is agreed and that the Cabinet and the Primary Care Trust Board are being asked to support.

35. The Steering Group has reviewed progress to date, considered the outcome of the public consultation, the recommendations of the Health Scrutiny Committee and discussed the options in detail and has identified Option 3 as its preferred way forward for reasons described in the conclusion below.

Conclusion

36. In essence whilst this proposal can be seen as innovative its uniqueness stems from the proposal to join the organisations at the top through the appointment of a single Chief Executive. Many models already exist whereby specific responsibilities are vested in a single post-holder e.g. Directors of Adult or Children's Services or as

in Herefordshire Director of Public Health. The proposed approach builds on this and affords the opportunity for much more effective integration of Public Services.

37. A truly integrated public service has the potential to achieve a step-change in local services. Beyond this it has the ability to enhance relationships between Public Service, the Third (Voluntary) sector and other providers who have a common interest in a healthy and prosperous community; and workforce.

38. The fact that this proposal is being driven by local people, their priorities and imperatives rather than national policy provides Herefordshire with a real opportunity to take control of its own destiny albeit within the framework already created by national policy.

39. The focus of the PST in the first instance will be the commissioning of children's services, adult services, public health, corporate and shared services. It is recognised that the full PST model can be delivered without change to legislation and there is most to be gained from a phased approach.

40. ***The Steering Group recommends that the Council's Cabinet and the Primary Care Trust Board support Option 3 and approves the draft roadmap and timetable as it offers the best opportunity to build on the original vision of the Council and PCT. This option would see the early appointment of a single Chief Executive and other senior appointments that would provide the overall managerial leadership necessary to take forward the development in accordance with the roadmap and timetable. The detailed project plan sets a phased process for implementing the PST arrangements with clear milestones against which progress can be measured. These milestones have been designed to address the key priorities of the Council and the PCT and to provide reassurance at each stage of the project before moving to the next phase.***

41. This plan takes on board the significant feedback that has been received from within the Council, the Primary Care Trust and stakeholders that the basic principle of a public service trust makes sense but the timing appeared to be overly optimistic.

RECOMMENDATION

- THAT (a) the outcome of the public consultation regarding the Council and Primary Care Trust proposal to establish a Public Service Trust arrangement in Herefordshire be noted;**
- (b) the Public Service Trust Steering Group's recommendation to support taking this forward within Option 3 be endorsed; and**
- (c) draft roadmap and timetable are approved.**

Appendices

- i)* **Perception Matters, Views Count** – A Statistical Analysis: Results of the survey by Herefordshire PCT and Herefordshire Council on the Future of Public Services in Herefordshire.
- ii)* **Health Scrutiny Committee Report** – A report to the Health Scrutiny Committee on Tuesday 14th August 2007 in response to the Public Consultation.
- iii)* **Minutes of the Health Scrutiny Committee** – Minutes including the conclusions of the meeting dated 14th August 2007.
- iv)* **Chief Executive Appointment** – A report regarding the CEO Appointment.
- v)* **Public Service Trust Arrangements** – A Roadmap for Development.
- vi)* **Draft roadmap and timetable** – A draft roadmap and timetable for developing the Public Service Trust arrangements in support of Option 3.

Background Papers

1. **Department of Health (2005)** – *Commissioning a Patient Led NHS.*
2. **Department of Health (2006)** – *Our Health, Our Care, Our Say: A New Direction for Community Services.*
3. **Department for Communities and Local Government (2006)** – *Strong & Prosperous Communities.*
4. **National Audit Office and The Audit Commission (2006)** – *Delivering Efficiently: Strengthening the links in public service delivery.*
5. **Herefordshire Council & Herefordshire's Health Scrutiny Committee (March 2006)** - *Response to the Reconfiguration of NHS Services in the West Midlands.*
6. **Alan Curless & Associates Ltd (August 2006)** – *Public Service Trust for Herefordshire: A Scoping Report.*
7. **Alan Curless & Associates Ltd (September 2006)** – *Governance & Leadership Framework.*
8. **Herefordshire Council (October 2006)** - *Summary of the deliberations of Cabinet.*
9. **Inter Agency Group (February 2007)** – *Working Together for Well-being: From Vision to Reality.*
10. **Herefordshire Public Service Trust Project (February 2007)** - *Project Initiation Document.*
11. **Herefordshire Public Service Trust (February 2007)** - *Steering & Working Group Terms of Reference.*
12. **Herefordshire Public Service Trust (2007)** – *Communications and Consultation Strategy.*
13. **Herefordshire Public Service Trust (2007)** - *Risk Register.*
14. **Herefordshire Public Service Trust (2007)** - *Legal Advice.*
15. **Sir Michael Lyons (2007)** – *Lyons Inquiry into Local Government.*
16. **Department of Health (2007)** – *Commissioning Framework for Health and Well-being.*
17. **Herefordshire Council (2006-2007)** - *Previous reports to Cabinet. The most recent report was published on 12th April 2007.*
18. **Herefordshire Council (2006-2007)** - *Previous reports to the Health Overview and Scrutiny Committee. The most recent report was published on 28th June 2007.*
19. **Herefordshire Primary Care Trust (2006-2007)** - *Previous reports to the Trust Board. The most recent report was published on 19th July 2007.*
20. **Herefordshire Primary Care Trust and Herefordshire Council (June 2007)** – *The Future of Public Services in Herefordshire: Consultation Document and Summary Document.*