

Yorkshire and the Humber Strategic Health Authority

6th March 2007

Progress report on North East Lincolnshire Care Trust Plus application

Purpose of this paper

- To set out for the Board the current position on the proposed application by North East Lincolnshire PCT to establish a Care Trust.

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Progress report on North East Lincolnshire Care Trust Plus application

This paper updates the Board on the application to establish North East Lincolnshire Care Trust. Members are asked to note the progress of the application, and that we are likely to support the application subject to further clarification on a number of issues.

1. Background

In the consultation undertaken in 2005/6 by the former North and East Yorkshire and North Lincolnshire (NEYNL) Strategic Health Authority (SHA) as part of *Commissioning a Patient-Led NHS*, there was strong local support for the principle of a Care Trust Plus for North East Lincolnshire as opposed to a single PCT for Northern Lincolnshire.

In June 2006 therefore North East Lincolnshire PCT and North East Lincolnshire Council formally expressed their interest in making an application to the SHA and the Commission for Social Care Inspection (CSCI) for a North East Lincolnshire Care Trust Plus in accordance with Section 45 of the Health and Social Care Act 2001. A public consultation on the proposal commenced in July 2006 and resulted in strong local support.

In its response to this consultation, the SHA Board expressed its concerns that the model did lead to commissioning and provision of services in one organisation. Our response also set out the requirement for detailed scrutiny, and assurances regarding accountability and governance arrangements.

North East Lincolnshire have since been working on a timetable of establishing the Care Trust Plus in September 2007, should it be approved. With this in mind, the SHA had agreed to form a view by the end of March 2007 on whether or not to support their application to the Department of Health, who are responsible for taking the final decision.

2. The Care Trust Plus model

2.1 Scope of Care Trust

The Care Trust proposal aims to integrate the commissioning of adult health and social care. This would include delivering strong locality and practice based commissioning arrangements that will integrate health and social care commissioning at an individual patient level.

The PCT and LA believe that joint commissioning will improve patient and public involvement ensuring that feedback on patient/service user experience is routinely accessed to identify trends and inform future commissioning plans. They also believe that joint commissioning will maximise value for money from the health and social care budgets.

Whilst the NHS Care Trust would host some provider services in its early stages, this will be a transitional arrangement. A formal programme of review of each provider service in relation to quality, cost and access will inform commissioning options for these services. There will be quasi-legal agreements in place between the commissioning arm and the provider arms – these are currently in the process of being drawn up.

The Care Trust model also offers the PCT and LA an opportunity to fully integrate health and social care for adults, and to make faster progress in implementing this aspect of *Our Health Our Care Our Say*.

The Care Trust would be accountable as an NHS body to the SHA, in exactly the same way as a PCT is. The Chair would be appointed by the Appointments Commission. The chief executive of the Care Trust would be appointed by a panel, which would include, as with a PCT, the Chair of the Care Trust and the chief executive of the SHA. It would also be normal practice to invite the local authority to nominate someone to sit on the appointments panel.

The PCT and LA have drawn up a legal agreement that sets out these governance and accountability arrangements. This makes it absolutely clear that the SHA would continue to hold the Care Trust to account, as it would a PCT for healthcare; whilst the LA will hold the Care Trust to account for social care. These accountability and governance arrangements are being closely scrutinised by the SHA to assure the Board that any potential issues have clear resolution processes.

2.2 The “Plus Element”

The proposal is that the Care Trust Plus will commission the local authority to provide a public health service for the people of North East Lincolnshire. This will enable the responsibility for health improvement to be integrated alongside other critical functions in the LA, such as transport, environment, education and learning, social inclusion and the commissioning of housing, all of which can directly impact on health status. Public health support will be provided to support the Care Trust’s commissioning responsibilities.

2.3 Children’s Trust

The proposal also includes the establishment of a Children’s Trust. Under *Every Child Matters* local authorities are the lead agency in securing better outcomes for children and young people with a

requirement that every Local Authority area establishes Children's Trust arrangements by 2008. In North East Lincolnshire a separate Children's Trust is being established. Good progress is being made on establishing clear interagency governance, integrated strategy and commissioning processes and integrated front line delivery. Integrated children's teams will be delivering services with child health staff within the PCT hosted by the LA Childrens' Services Directorate.

2.4 Alignment with Government Policy

By bringing together the commissioning of health and adult social care, these proposals would put North East Lincolnshire into the vanguard for implementation of the forthcoming Commissioning Framework for Health and Well-Being. The proposal would also expedite the development of locality-based commissioning, with those in the front-line accountable for making decisions about resources.

However, we have had concerns that by moving to the Care Trust model, it might constrain future options for PCT provider services across the whole of Northern Lincolnshire. Given the size of these two PCT provider arms (£40 million combined), the establishment of the Care Trust does leave a relatively small PCT provider arm in North Lincolnshire PCT (£20 million). We will need to resolve this issue going forward.

3. SHA and CSCI Scrutiny Process

3.1 Assessment process

A joint SHA/Commission for Social Care Inspection (CSCI) project board was established in August 2006 and includes colleagues from the Government Office. The membership is attached at appendix A. A comprehensive and rigorous self-assessment tool was developed, which was approved by the Department of Health. A copy of the tool is attached at appendix B.

There have been a series of meetings between the SHA, CSCI and the PCT and Council Executives. Key areas for examination have been:

- Finance
- Clinical governance
- Public Health
- Accountability
- Leadership commitment
- Alignment with Government policy
- Risks and Benefits for service users

The self-assessment has been completed, and 189 different pieces of evidence have been submitted. This has been scrutinised by the project board, and the detail is available to members if they wish. We are now following this up with meetings to confirm and challenge their self-assessment over the next few weeks.

3.2 External scrutiny

The Project Board has looked to supplement the self-assessment process and scrutiny meetings, with external validation from other sources. Overall, the results have been positive.

The PCT fitness for purpose review found that the PCT was:

- Finance – green
- Governance – amber
- Strategy – green
- Relationship management – green
- Emergency planning – green

The Mental Health Local Implementation Team recently completed a national self assessment which the SHA was required to validate. 26 areas were covered, ranging from mental health targets to social inclusion and strategic partnerships. North East Lincolnshire were assessed as green in 19 areas and had plans in place to address the other areas. The service user and carer involvement was very impressive.

The most recently published star ratings by the Audit Commission awarded the LA two stars in 2006, up from zero stars in 2005. In its findings the Audit Commission reported that “the Council has made significant improvements in the way it delivers services during the past year. There has been an improvement in outcomes for children and young people and in many areas of adult social care and housing services. The Council has worked well in partnership with other agencies to address community safety and health inequality. Environmental improvement initiatives have been successful and are reflected in higher public satisfaction. Stable political and managerial leadership together with stronger arrangements for financial and performance management provide a sound basis for the Council’s continued improvement, but substantial challenges remain”. It is understood that the auditors from the Audit Commission were positive about the Care Trust Plus application.

3.3 Findings from the assessment process

Whilst the assessment process is not yet complete, we can report on the emerging findings. Overall, it is clear that both the PCT and LA are approaching the project with a clear shared vision, supported by detailed project working and understanding of risk and how it will be

managed. They have learnt the lessons from models in other parts of the country about what needs to be put in place before the establishment of the Care Trust. Key to this is a set of triggers, which mean that key elements will only become operational when thresholds around certain criteria such as governance have been met.

The financial assessment has concluded that the PCT and the LA are two financially sound organisations with a track record of delivery of financial targets. There is a clear and significant commitment to ensuring effective financial governance and accountability with detailed and comprehensive risk assessment. The evidence provides us with confidence regarding the operation of proper financial arrangements and accountability within the proposed Care Trust Plus.

In particular, the Board will wish note that:

- all PCT functions will remain embedded in the Care Trust, and accountability remains within the NHS;
- the overall approach to the financial governance and financial management arrangements for the Care Trust are based on prudence, identification and management of key risks, building on existing good practice in NELPCT and NELC;
- financial governance and accountability arrangements to be covered within the Care Trust Plus Legal Agreement, Annual Agreement and Risk Management framework will include:
 - 07/08 financial plan
 - performance reporting and management of poor performance
 - incorporation of separate tracking of health and social care income and expenditure within reporting requirements
 - clear separation of finances between commissioning and provision
 - joint financial planning to develop the new Care Trust Plus 3 year rolling financial plan based upon existing 3 year plans;
- detailed and comprehensive risk assessment is evident for all potential financial risk issues that may affect the Care Trust Plus in both the short and medium term, with evidence of commensurate focus on risk management;
- a realistic approach to risk management and risk sharing underpins the process to establish the Care Trust Plus, including process for dispute escalation/resolution.

The public health element of the self-assessment has been scrutinised by colleagues in Government Office. They are content that the plans are robust and would contribute to improving the health and wellbeing of the local population.

We have asked for further scenario planning to ensure we and the PCT and LA understand how the mechanisms they are putting in place would work in practice – either to deliver benefits for patients and the public; or to manage risks or service or financial failure. Understanding the practicalities of this will be key to their success and our confidence in the proposals.

We continue to meet with the PCT and LA, and, in addition to the above, our next two meetings will focus on:

- meeting Council Members to understand their commitment and understanding of what they are taking on;
- exploring the provider development issue;
- understanding in more detail the commissioning model at a locality level;
- meeting staff at different levels (a “diagonal slice”) to assess the overall commitment and capacity throughout the organisation.

4. Conclusion

We believe there has been a rigorous assessment process, and that the Care Trust Plus model will prove to be effective in improving health and well-being for people in North East Lincolnshire. There remain some outstanding issues however. We need to clarify the potential trajectory for provider services across Northern Lincolnshire, to ensure that the models developed support efficient and responsive high quality care. We also need to assure ourselves in further detail of the management of risk.

The Authority is asked to note that the SHA is likely to support the application to the Department of Health for the establishment of a Care Trust Plus in North East Lincolnshire, subject to further clarification and assurance by the Project Board on the above issues.