

Background Note.

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To: Health Overview and Scrutiny Committee – 3 September 2010

Subject: Item 5. The Future of PCT Provider Services and the Use of Community Hospitals.

1. The Future of PCT Provider Services

- (a) Community health services cover a range of services provided by a variety of organisations and staff groups including community nurses, health visitors, community dentistry, physiotherapy, and community rehabilitation. Since their establishment, the vast majority of Primary Care Trusts both *commissioned* and *provided* these services.
- (b) The policy direction over the last few years has been towards the increasing separation of the commissioner and provider functions of PCTs¹. The development of the options for the provider arms is often referred to as Transforming Community Services (TCS).
- (c) A deadline of 31 March 2010 was set for PCTs to have “agreed with SHAs proposals for the future organisational structure of all current PCT-provided community services.”² A further deadline of 31 March 2011 was set for the “Implementation of any new provider form ... or very substantial progress to have been made towards the new organisational form, meeting the milestones agreed on approval with the SHA towards final implementation.”³
- (d) Following the General Election, information as to the policy of the new administration towards community services was contained in the *Revision to the NHS Operating Framework*⁴ and the NHS White Paper, *Equity and Excellence: Liberating the NHS*. The following is an extract from the White Paper:

¹ Department of Health, *NHS Next Stage Review: Our Vision for Primary and Community Care*, 3 July 2008, http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/documents/digitalasset/dh_085947.pdf

² Department of Health, 16 December 2009, *The NHS Operating Framework for England for 2010/11*, p.42, http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/@ps/@sta/@perf/documents/digitalasset/dh_110159.pdf

³ Department of Health, 5 February 2010, *Transforming Community Services: The assurance and approvals process for PCT-provided community services*, p.3, http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/@ps/documents/digitalasset/dh_112146.pdf

⁴ Department of Health, 21 June 2010, *Revision to the NHS Operating Framework in England 2010/11*, http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/@ps/documents/digitalasset/dh_116860.pdf

“The Government will apply a consistent approach across all types of NHS services. We will end the uncertainty and delay about the future of community health services currently provided within PCTs. We will complete the separation of commissioning from provision by April 2011 and move as soon as possible to an ‘any willing provider’ approach for community services, reducing barriers to entry by new suppliers. In future, all community services will be provided by foundation trusts or other types of provider.”⁵

- (e) The NHS White Paper also discussed the abolition of Primary Care Trusts “from April 2013.”⁶ For reference, a timeline of the key proposals within the White Paper is contained in the Appendix.
- (f) The recent NHS White Paper contained within it the aim to “accelerate the development of currencies and tariffs for community services.”⁷ One of the White Paper supporting documents stated, “Monitor and the NHS Commissioning Board will need to work closely together in deciding which services should be subject to national tariffs, and in developing appropriate currencies for pricing and payment purposes. Currencies will identify units of services for payment purposes and may have a direct impact upon incentives.”⁸
- (g) The NHS White Paper contained the following section on the future of Foundation Trusts:

“Our ambition is to create the largest and most vibrant social enterprise sector in the world. The Government’s intention is to free foundation trusts from constraints they are under, in line with their original conception, so they can innovate to improve care for patients. In future, they will be regulated in the same way as any other providers, whether from the private or voluntary sector. Patients will be able to choose care from the provider they think to be the best. As all NHS trusts become foundation trusts, staff will have an opportunity to transform their organisations into employee-led social enterprises that they themselves control, freeing them to use their front-line experience to structure services around what works best for patients. For many foundation trusts, a governance model involving staff, the public and patients works well but we recognise that this may not be the best model for all types of foundation trust, particularly smaller organisations such as those providing community services. We will consult on future requirements: we envisage that some foundation trusts will be led only

⁵ Department of Health, 12 July 2010, *Equity and Excellence: Liberating the NHS*, p.37, http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/@ps/documents/digitalasset/dh_117352.pdf

⁶ Ibid., p.53.

⁷ Department of Health, 12 July 2010, *Equity and Excellence: Liberating the NHS*, p.25, http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/@ps/documents/digitalasset/dh_117352.pdf

⁸ Department of Health, 26 July, 2010, *Liberating the NHS: Regulating healthcare providers. A consultation on proposals*, p.16, http://www.dh.gov.uk/en/Consultations/Liveconsultations/DH_117782

by employees; others will have wider memberships. The benefits of this approach will be seen in high productivity, greater innovation, better care and greater job satisfaction. Foundation trusts will not be privatised.”⁹

2. Community Hospitals

- (a) The Department of Health have provided the following definition of a community hospital:

(1) “A modern community hospital service aims to provide an integrated health and social care resource for the local population to which it belongs. These local facilities develop as a result of agreements between local people, service providers and the NHS. Community hospitals are an effective extension to primary care with medical support provided largely by GPs. The health and social care provided may include medical care, rehabilitation, palliative care, intermediate care, mental health care, maternity care, surgical care and emergency care. Community hospital care is characterised by care pathways that make the most of local sources of support. The community hospital provides a focus for local community networks.”¹⁰

- (b) Eastern and Coastal Kent Community Services are responsible for the services at Faversham Cottage Hospital, Queen Victoria Memorial Hospital (Herne Bay), Sheppey Community Hospital (Minster), Sittingbourne Memorial Hospital, Victoria Hospital (Deal) and Whitstable and Tankerton Hospital.
- (c) West Kent Community Health is responsible for the services at Edenbridge and District Memorial Hospital, Gravesham Community Hospital (Gravesend), Hawkhurst Community Hospital, Livingstone Hospital (Dartford), Sevenoaks Hospital, and Tonbridge Cottage Hospital.
- (d) In most areas, community hospitals are part of the PCT estate and will remain with the commissioner. The following is the relevant extract from *Transforming Community Services*:-

“Therefore, In order to maintain the maximum freedom of choice, commissioners should plan on the basis that they will retain direction over estate and that providers should be tenants, not owner-occupiers.”¹¹

⁹ Department of Health, 12 July 2010, *Equity and Excellence: Liberating the NHS*, p.36, http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/@ps/documents/digitalasset/dh_117352.pdf

¹⁰ E-mail from Department of Health Customer Service Centre, 18 November 2008, DH Ref: DE00000363761.

¹¹ Department of Health, 13 January 2009, *Transforming Community Services: Enabling new patterns of provision*, p.72, http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/documents/digitalasset/dh_093196.pdf

- (e) NHS Medway (the provider arm of NHS Medway) is responsible for St. Bart's Hospital in Rochester, Wisdom Hospice in Rochester and three Healthy Living Centres across Medway.
- (f) The Royal Victoria Hospital at Folkestone and Buckland Hospital at Dover are part of East Kent Hospitals University NHS Foundation Trust.

Appendix – White Paper Timetable

- (a) The timetable below that contained in the NHS White Paper and outlines the Government's proposed timetable (subject to Parliamentary approval for legislation) for the commitments contained within the paper¹².

Commitment	Date
Further publications on: <ul style="list-style-type: none"> • framework for transition • NHS outcomes framework • commissioning for patients • local democratic legitimacy in health • freeing providers and economic regulation 	July 2010
Report of the arm's length bodies review published	Summer 2010
Health Bill introduced in Parliament	Autumn 2010
Further publications on: <ul style="list-style-type: none"> • vision for adult social care • information strategy • patient choice • a provider-led education and training • review of data returns 	By end 2010
Separation of SHAs' commissioning and provider oversight functions	
Public Health White Paper	Late 2010
Introduction of choice for: <ul style="list-style-type: none"> • care for long-term conditions • diagnostic testing, and post-diagnosis 	From 2011
White Paper on social care reform	2011
Choice of consultant-led team	By April 2011
Shadow NHS Commissioning Board established as a special health authority	April 2011

¹² Department of Health, 12 July 2010, *Equity and Excellence: Liberating the NHS*, p.51-53, http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/@ps/documents/digitalasset/dh_117352.pdf

Arrangements to support shadow health and wellbeing partnerships begin to be put in place	April 2011
Quality accounts expanded to all providers of NHS care	
Cancer Drug Fund established	
Choice of treatment and provider in some mental health services	From April 2011
Improved outcomes from NHS Outcomes Framework	
Expand validity, collection and use of PROMs	
Develop pathway tariffs for use by commissioners	
Quality accounts: nationally comparable information published	June 2011
Report on the funding of long-term care and support	By July 2011
Hospitals required to be open about mistakes	Summer 2011
GP consortia established in shadow form	2011/12
Tariffs: <ul style="list-style-type: none"> • Adult mental health currencies developed • National currencies introduced for critical care • Further incentives to reduce avoidable readmissions • Best-practice tariffs introduced for interventional radiology, day-case surgery for breast surgery, hernia repairs, and some orthopaedic surgery 	2011/12
NHS Outcomes Framework fully implemented	By April 2012
Majority of reforms come into effect: <ul style="list-style-type: none"> • NHS Commissioning Board fully established • New local authority health and wellbeing boards in place • Limits on the ability of the Secretary of State to micromanage and intervene • Public record of all meetings between the Board and the Secretary of State • Public Health Service in place, with ring-fenced budget and local health improvement led by Directors of Public Health in local authorities • NICE put on a firmer statutory footing • HealthWatch established • Monitor established as economic regulator 	April 2012
International Classification of Disease (ICD) 10 clinical diagnosis coding system introduced	From 2012/13
NHS Commissioning Board makes allocations for 2013/14	Autumn

direct to GP consortia	2012
Free choice of GP practice	2012
Formal establishment of all GP consortia	
SHAs are abolished	2012/13
GP consortia hold contracts with providers	April 2013
PCTs are abolished	From April 2013
All NHS trusts become, or are part of, foundation trusts	2013/14
All providers subject to Monitor regulation	
Choice of treatment and provider for patients in the vast majority of NHS-funded services	By 2013/14
Introduction of value-based approach to the way that drug companies are paid for NHS medicines	
NHS management costs reduced by over 45%	By end 2014
NICE expected to produce 150 quality standards	By July 2015