

Background Note.

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To: Health Overview and Scrutiny Committee – 14 May 2010

Subject: Item 4. 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 (PCTs) have in the past 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 wide range of options for the future organisational form of provider arms was set down in *Transforming Community Services: Enabling new patterns of provision*, published in January 2009². In a subsequent document published in February 2010, the “the most likely options” were given as integration with an NHS acute or mental health provider; integration with another community-based provider; or a Social Enterprise. Among the other options, “not expected to be the norm”³ were Community Foundation Trust; continued PCT direct provision; and Care Trust which includes provision.

(d) 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.”⁴ 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

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, 13 January 2009, http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_093197

³ Department of Health, 5 February 2010, *Transforming Community Services: The assurance and approvals process for PCT-provided community services*, p.4 http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/@ps/documents/digitalasset/dh_112146.pdf

⁴ 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

the milestones agreed on approval with the SHA towards final implementation.”⁵

(e) Historically, the funding of community services in the NHS has largely been through block contracting arrangements which have impacted the ability of commissioners “to identify what services are being delivered and pay for them appropriately.”⁶ A number of documents have been produced setting out options for developing local currencies and pricing⁷.

(f) For reference, the description of a Community Foundation Trust in *Transforming Community Services* is as follows⁸:

Table 1

Example	Description	Separate Legal Entity	Legal Route	Governance
Community Foundation Trust	A Public Benefit Corporation consisting of members who may be in constituencies of the public, patients and staff. There is a Board or Council of Governors and a Board of Directors.	Yes. An FT is a corporate body known as a public benefit corporation (s.30 of NHA Act 2006).	An NHS Trust may apply for authorisation as an FT (s.33 of the 2006 Act). ... Applications considered and authorisation given by Monitor (s.35). for a PCT provider arm an NHS Trust is created to take on the provider arm and apply for FT status under s.33.	FT is governed by its board of directors. Board is partly accountable to, and appointed by, board of governors. Board of governors are elected by the members’ constituencies. FT reports to and is regulated by Monitor.

⁵ 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

⁶ Department of Health, *Currency and pricing options for community services*, <http://www.dh.gov.uk/en/Healthcare/Primarycare/TCS/Currencyandpricingoptionsforcommunityservices/index.htm>

⁷ Ibid.

⁸ Department of Health, 13 January 2009, *Transforming Community Services: Enabling new patterns of provision*, p.44, extract, http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/documents/digitalasset/dh_093196.pdf

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."⁹

(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 many 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*:-

(1) "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."¹⁰

(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.

⁹ E-mail from Department of Health Customer Service Centre, 18 November 2008, DH Ref: DE00000363761.

¹⁰ 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

Appendix - Select Glossary

Commissioning The full set of activities that local authorities and Primary Care Trusts (PCTs) undertake to make sure that services funded by them, on behalf of the public, are used to meet the needs of the individual fairly, efficiently and effectively.

Practice-based commissioning (PBC) PBC gives GPs direct responsibility for achieving best value within the funds that the Primary Care Trust (PCT) has to pay for hospital and other care for their practice's population.

Provider A generic term for an organisation that delivers a healthcare or care service.

Primary Care Trusts (PCTs) Freestanding statutory NHS bodies with responsibility for delivering healthcare and health improvements to their local areas. They commission or directly provide a range of community health services as part of their functions.

Service level agreement (SLA) This is a formal written agreement made between a provider and the commissioner of a service. It specifies in detail how and what services will be provided, including the quality standards that the service should maintain.

Strategic Health Authority (SHA) The local headquarters of the NHS, responsible for ensuring that national priorities are integrated into local plans and for ensuring that Primary Care Trusts (PCTs) are performing well. They are the link between the Department of Health and the NHS.¹¹

¹¹ All of these definitions taken from: Department of Health, 13 July 2006, *Health reform in England - update and commissioning framework: annex - the commissioning framework*, pp.73-77, http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/documents/digitalassets/dh_4137230.pdf