MINUTES OF A MEETING OF THE HEALTH/NHS OVERVIEW AND SCRUTINY COMMITTEE HELD ON 3 NOVEMBER 2010 AT 10AM AT THE CENTRAL BAPTIST CHURCH, CHELMSFORD

Membership

County Councillors:

*	G Butland (Chairman)		R Gooding
	Mrs J M Reeves (Vice-Chairman)	*	Mrs S Hillier
*	Mrs M A Miller (Vice-Chairman)		Mrs M Hutchon
*	J Baugh	*	E Johnson
	R Boyce		J Knapman
	L Dangerfield		C Riley

District Councillors:

*	Councillor N Offen	-	Colchester Borough Council
*	Councillor M Maddocks	-	Rochford District Council
	Councillor S Henderson	-	Tendring District Council

(* present)

John Carr of Essex and Southend LINk also participated in the discussion with the agreement of the Chairman.

The following officers were present in support throughout the meeting:

Graham Hughes	-	Committee Officer
Graham Redgwell	-	Governance Officer

77. Apologies and Substitution Notices

The Committee Officer reported apologies from County Councillors R Gooding,
M Hutchon, J Knapman, J Reeves, C Riley and Tendring District Councillor Steven Henderson.

78. Declarations of Interest

The following standing declarations of interest were recorded:

Councillor Graham Butland	Personal interest as Chief Executive of the East Anglia Children's Hospice. Personal interest due to being in receipt of an NHS Pension.
Councillor Nigel Offen	Personal interest due to being in receipt of an NHS Pension.
Councillor John Baugh	Director Friends of Community Hospital Trust Spouse employed in NHS at Broomfield Hospital
Councillor Sandra Hillier	Personal interest as Governor of Basildon Hospital Trust

Whilst not a member of the Committee John Carr declared an interest as being a member of the Transformation Board for West Essex.

79. Minutes

The minutes of the meeting of the Health Overview and Scrutiny Committee held on 1 September 2010 were approved as a correct record and signed by the Chairman.

Further to the presentations from four of the Essex based Primary Care Trusts at the last meeting on 1 September 2010 on their respective purchaser/provider splits (Minute 68), three had subsequently publicly announced their intended organizational structure:

(i) NHS West Essex had agreed that the South Essex Partnership NHS Foundation Trust (SEPT) be their preferred acquirer of their community health services. North Essex Partnership Trust had been named as their reserve acquirer.

(ii) NHS North East Essex had agreed North East Essex Provider Services (NEEPS) for shadow status for the social enterprise from 1 October 2010.

(iii) NHS South East Essex had agreed that SEPT be their preferred acquirer.

80. Questions from the Public

The Chairman invited questions from the Public on any matters falling within the remit of the Committee. The Chairman suggested that questions relating to items on the agenda be raised at the time the item was being discussed during the meeting.

81. Mid Essex Primary Care Trust – Purchaser/provider split

(a) Background

Department of Health guidance issued in October 2008 had required all PCTs nationally to pursue divestment of their community provider function so as to separate healthcare provision from healthcare commissioning. The Committee had received presentations from four of the Essex based Primary Care Trusts at its last meeting. The meeting received a report (HOSC/44/10) introduced by John Niland and Carol Winser, Managing Director, of Central Essex Community Services (CECS), and Interim Commercial Director, NHS Mid Essex respectively, outlining the plan to implement a purchaser/provider split for NHS Mid Essex.

The paper provided a briefing for the Committee on the plans to transfer Central Essex Community Services (CECS), currently the provider arm of NHS Mid Essex, into a separate Community Interest Company (which was a form of social enterprise) with effect from 1 April 2011. In determining the future form of the community services provider, the PCT had considered several options before concluding that a Community Interest Company offered

the best organizational form for CECS. CECS had developed a business plan and long term financial model, which the PCT Board had approved on 29 September 2010. An independent due diligence assurance review was in progress to determine whether the proposal provided value for money and was financially viable. There was ongoing consultation with staff, trades unions, partner organizations and local people.

(b) Options considered

Four options had initially been identified by NHS Mid Essex:

(i) Social Enterprise – this was originally considered as part of a merger with NHS South East Essex provider services. NHS Mid Essex subsequently approved a proposal to determine a stand-alone social enterprise for CECS after NHS South East decided against the merger.

(ii) Integration with other existing NHS providers – either through 'managed dispersal' or 'open market procurement'

(iii) Direct provision of community services by the PCT- this option was discounted at an early stage as Department of Health policy had made it clear that continuing to directly provide community services from within a PCT would only be permissible in exceptional circumstances.

(iv) Community Foundation Trust (CFT) – this option was not actively developed as the Department of Health had indicated that only a few community providers were expected to be granted CFT status nationally.

In considering the options there had been a broad engagement exercise with views from other NHS organizations particularly sought as it was thought there would be opportunities for a merger. As a result there had been a full and broad discussion at PCT Board level between different types of organizational structure including consideration of a larger merged organisation with linked up health pathways, such as with an acute hospital trust.

In the end, the PCT Board had chosen the social enterprise option as it best supported and empowered CECS to continue as the main community services provider in mid Essex, building close relationships with GPs and strengthening the interface between primary and community services. Such a structure also offered the flexibility for CECS in future to provide both health and social care packages which would be attractive to those wishing to develop integrated personalized care plans. In addition, the social enterprise would permit participate rights for patients, carers and users in the governance structures of the new company.

(c) County-wide NHS costs and organizations

Members discussed and speculated on the total level of NHS management costs by having five PCT organizations in Essex and whether it impacted on front line service delivery. HOSC tried to look at health provision across Essex and not within individual administrative boundaries. CECS believed it could provide the right balance between Government requirements for competition and comparison organizations in Essex and minimising costs by working in

partnership where necessary with other statutory, voluntary and private sector organizations.

(d) Intermediate care

In response to a question from the public on the level of intermediate care in the mid Essex area it was confirmed that CECS had an intermediate care team in the Chelmsford area with community matrons supporting patients in the community. As Chelmsford did not have a community hospital (unlike Braintree and Maldon) there might be a perception that there was a shortfall in intermediate care. Any specific issues could be taken up outside of the meeting with the representatives from NHS Mid Essex.

(e) Conclusion

The Chairman re-iterated that at its previous meeting the HOSC had invited a joint response from the Essex based PCTs on the overall cost of the reconfiguration and cost benefits arising and a re-assurance that the quality of service would not diminish nor extra administrative costs be created. As at the date of the meeting this remained outstanding.

The Committee **Noted** the way forward agreed by the PCT. The Chairman thanked the representatives from NHS Mid Essex for their presentation and they then left the meeting.

82. **Pharmacy Needs Assessments (PNA)**

(a) Background

Copies of the PNAs drafted by each of the five Essex based PCTs, which were currently out for consultation with relevant stakeholders, were received (HOSC47/10 – HOSC/51/10) and the following representatives from each PCT were present at the meeting to provide further information:

Caroline Saul:	Mid Essex PCT
Mary Tomkins:	North East Essex PCT
Carol Barnes,	South East Essex PCT
John Stanley	South West Essex PCT
Toni Coles and Louise Crowley	West Essex PCT

All Primary Care Trusts were required to complete a PNA by February 2011, under the terms of the NHS (Pharmaceutical Services and Local Pharmaceutical Services) Amendment) Regulations 2010 (“the Regulations”). The PNA would be used as the basis for commissioning pharmaceutical services, identifying minimum service requirements, and determining applications from pharmacy contractors and dispensing doctors wishing to provide pharmaceutical services. Supplementary documents would be added to the PNA over the course of time as necessary and all the PNAs would, in any case, be required to be updated within 3 years. In view of the proposed changes under the Coalition Government White Paper ‘Liberating the NHS’ the future updating of the PNAs would probably come under the regulatory

guidance of the Regional NHS Commissioning Board. The Committee had have some concerns should the local element of preparation be removed, which was shared by contributors.

(b) Contents of a PNA

There had been specific guidance from the Department of Health on the contents of a PNA. In particular there had been a requirement to have 'sub geographies' in the analysis which some Members felt had led to the analysis being divided into somewhat arbitrary areas and boundaries. In South West Essex the locality model already used for GP services had been used in their PNA.

The Regulations had not permitted the PCTs to combine their PNAs but it was confirmed that they would continue to work closely in future in this work. The Committee agreed that it would support any representations made to decrease the level of bureaucracy required in drawing up the PNAs.

(c) Regulation

Generally there was a more open market for pharmacies although there were clusters of pharmacies concentrated in certain parts of Essex. PCTs were awaiting an update from the Department of Health on the regulatory framework, which was anticipated in the Autumn. Whilst patients preferred the convenience of a GP practice that had a dispensing service it was acknowledged that there could be an issue with the quality of service if few of the practices had a qualified pharmacist on site. In the South West Essex PNA a service enhancement had been identified in an area where there needed to be greater co-ordination of pharmacy opening times at lunchtime. Where there was confirmed future funding, certain enhancements identified during the preparation of PNAs could be implemented e.g. South East Essex rolling-out an asthma enhanced service.

It was noted that with dispensing practices there was now a tighter regulatory framework governing the secure storage and control of drugs. In particular, Medicines Use Reviews could help monitor the prescribing of antipsychotics and support dementia patients and their carers with medicines management.

In connection with restrictions on entry, certain exempt categories of pharmaceutical service had been introduced with the main one utilized by applicants being for those pharmacies open for more than 100 hours a week.

(d) Public consultation and publication

Opening the session to a member of the public it was suggested that the excessive level of detail had made the PNA documents impenetrable to the general public and that the consultation exercise had not been a good example of providing information to the public. However, the South West Essex representative countered that there had been consultation in the preparation of their particular PNA document and that they had received over

1000 public responses to a more simplified questionnaire. In North East Essex a similar approach had been taken and local groups were being engaged in the consultation with presentations.

Once the PNAs were approved by each of the respective PCT Boards they would be published on the respective PCT web sites and, at the suggestion of Members, copies would be lodged with local libraries.

Thereafter, the Chairman thanked all the PCT representatives for their attendance and they left the meeting.

83. **NHS South West Essex ("SWE"): turnaround plan**

(a) Background

The Committee received a report (HOSC/45/10) which had been submitted to SWE's Trust Board on 29th September 2010, concerning a financial turnaround plan, which was introduced by Andrew Pike, Interim Chief Executive, NHS South West Essex. This showed that SWE's financial performance had deteriorated over the previous two years to a breakeven position for 2010/11 which relied on full implementation of a £47 million cost reduction programme. During the period of rapid increases in SWE's cost base spending increases had been seen across all areas of the budget with the biggest increases in Acute Commissioning, SWECS and Primary Care. The Provider arm (SWECS) had been in the process of separating and transitioning to NELFT and had been run on a predominantly arms length basis.

Members attention was also drawn to an updated report considered by the PCT Board in October.

(b) Financial details

As at 31 August 2010, SWE had identified a current forecast overspend of £21.1 million over its resource limit. Based on previous savings assumptions the PCT had already factored in the delivery of existing schemes totaling £21.7 million to reach this forecast position. The size of the enforced turnaround programme therefore was £42.8 million which, together with a 20% reserve, gave a turnaround savings plan target of £51.4 million. Updated plans were presented to the PCT Board on a monthly basis.

The main issue for the SWE Board had been the loss of control of spending during the previous period and not any lack of investment and, that as a consequence, the PCT were confident that there should be ample scope for spending reductions. Overall the achievement of the turnaround programme in full was a high risk because the size of the proposed savings programme was 8% of the PCT resource limit, amongst the largest in scale in England, and the timescale was such that only six months remained available to deliver the cost reductions. Whilst there would be non recurrent one-time savings of £14

million during 2010, SWE would need to put in place longer term schemes to balance the budget going forward.

(c) Savings schemes identified

The following savings initiatives were outlined:

(i) Decommissioning services/service reductions to return services to levels achieved in other PCTs:

(ii) Reducing activity at Basildon Hospital which would require close working with the Hospital Foundation Trust.

(iii) Proposals to review significant elements of the existing Community Services provision with the aim of securing savings in 2011/12.

(iv) Extension and better enforcement of the PCTs service restriction policy. This would reduce access to procedures of limited clinical effectiveness and clear GP support would be needed to ensure acceptance of this approach.

(v) Temporary restrictions on services which were required this year to secure financial balance. e.g. access to IVF services

(vi) The plan included proposals to extend waiting times for routine cases for inpatients and outpatients in 2011. Outpatient referrals had increased by 18% in the previous two years and this growth was not sustainable. There would also be a review of the high rate of hospital follow-up referrals which were currently not detailed in contracts. Members were concerned that the proposal could adversely affect hospitals leaving redundant capacity. The PCT would need to work closely with the Hospital Trust to avoid 'stop- go' utilization of their services and to ensure a slow down could be achieved without breaching the 18 week national guideline for a consultant appointment. Mr Pike confirmed that his biggest concern was the financial impact on the hospitals and that the PCT were working with them to 'smooth over' the effect where possible. It was noted that due to the historical trend for a winter seasonal increase in hospital admissions that non urgent referrals might be delayed in any case.

A reduction in the workforce of approximately 200 posts was underway with most of the lay-offs in the provider arm being completed prior to the disposal in April 2011.

Some Members queried whether some community spending would have been better spent, citing examples of spending on play areas.

Members considered that the changes proposed were unpalatable but there was little alternative. Whilst recognizing the need to reduce costs not all Members supported the proposal to increase waiting times for routine cases.

(d) Board membership and the future

Mr Pike had confidence in the managerial resources at his disposal for the turnaround and had been heartened by discussions with GPs and local providers. In particular, he had brought-in turnaround management expertise and made changes to the organization. There had been a large turnover of Non-executive directors just prior to Mr. Pike's arrival so, as a consequence, there was a relatively new Board of Directors.

SWE had previously announced NE London Foundation Trust (NELFT) as the preferred bidder for its provider services. The changes in the Turnaround Plan were adjusting the NELFT contract value and discussions with NELFT were ongoing to reflect this.

In future the PCT and future GP commissioners would need to concentrate on the core business of treatment at practice level, outpatients, nursing and community beds. Whilst some current PCT premises might be considered to be inadequate for modern primary care, future plans for capital builds and relocation of existing facilities would be put on hold at present. It was confirmed that the PCT did not currently have access to the proceeds of sale of the Wickford clinic which were held by the Regional Strategic Health Authority. Representatives from the PCT were asked to contact County Councillor Morris direct on the details for the proposed new Wickford clinic, which had been subject to public consultation the previous year.

The Chairman thanked Mr Pike for his frankness during the discussion and invited him back to the Committee's meeting in April to provide a further update.

84. **NHS Hospital Trusts**

(a) Policy and Procedures for discharging patients

The Committee received a report (HOSC/52/10) outlining responses received from four of the five Essex based PCTs on how they set out and maintained standards in relation to patient discharge and their level of satisfaction with each of the Hospital Trust's processes. It was **Agreed** that copies of the detailed responses from the PCTs be provided to Councillor Offen to review and report back to the next Committee meeting. A response from North Essex PCT would be chased-up.

(b) **Away day**

It was **Agreed** to hold an Away day (in place of a formal meeting) in February 2011 with the Chairmen and Chief Executives of hospital and mental health trusts.

85. **South Essex Partnership University**

The Committee **Agreed** that a visit by Councillor Butland to South Essex Partnership University be an approved duty and that the Committee receive a report back following the visit.

86. **Mental Health Day Care Services in South East Essex**

The Committee received a report (HOSC/54/10) detailing a service variation for mental health day care services in South East Essex. Service users had been widely consulted and the Trust had taken current best practice into account in revising the type of service provided. The Committee noted the changes proposed and it was **Agreed** that the matter be referred to South Area Forum for information and to invite any comments it had on the changes.

87. **Non substantive service variations**

Members received and **Noted** a report (HOSC/55/10) from Graham Redgwell, outlining three non substantive service variations. In relation to the relocation of the existing walk-in centre at Wych Elm in West Essex, Members discussed whether it might lead to more confusion or whether there would be possible synergies with it being co-located at the Princess Alexandra Hospital.

88. Health for North East London (H4NEL)

The Committee received a report (HOSC/56/10) on a number of stakeholder events that had been held in North and East London during September at which H4NEL put forward its proposals to revise services in the area. These services impinged upon a number of Essex residents and the Committee had authorised Councillor John Knapman to attend appropriate events on its behalf. Councillor Pond had been appointed to represent the relevant Cabinet Member. The London Boroughs had accepted that Essex County Council had a strong interest in the proposed changes and, as a result, ECC had become a formal member of the local Joint Overview and Scrutiny Committee rather than just as an observer. Publication of formal proposals and decisions were expected on or around 15 December.

89. **LINk response to White Paper - Equity and Excellence: Liberating the NHS**

The Committee received a report (HOSC/57/10) comprising a copy of the Essex and Southend Local Involvement Network's response to the Health White Paper "Equity and Excellence: Liberating the NHS". Wai Yeung joined the meeting and outlined the background to LINk's submission. LINk had stressed the need for full patient and public involvement in the transition to the HealthWatch organization which was to replace LINk. Considerable time had been spent on establishing robust governance structures for LINk organizations and LINK had made appropriate recommendations for the HealthWatch governance structure to avoid having to repeat the exercise. LINk also had queried where patient representation would rest with the new GP commissioning structure and that GPs would need to be fully engaged during and after the transition.

90. **North Essex appointment**

The Committee received and **Noted** a report (HOSC/58/10) comprising a joint press release from the three Boards of NHS Mid Essex, NHS North East Essex and NHS West Essex confirming the appointment of Sheila Bremner as the new Chief Executive for the three organizations.

91. **Forward Look**

Members received and **Noted** a report (HOSC/59/10) from Graham Redgwell, setting out a proposed forward plan for the Committee for the December and January 2011 meetings. Further to Minute 84(b), there would be an Away Day session in February in place of a formal meeting.

92 Date of Next Meeting

The next meeting of the Committee was confirmed for Wednesday 1 December 2010.

93. Urgent business:

It was agreed that Dr Mike Gogarty, Director of Public Health (a joint appointment between the County Council and the PCTs) be invited to attend a future meeting to discuss the Annual Public Health Report.

There being no further urgent business, the meeting closed at 12.02 pm.

Chairman
1 December 2010