



Review of Healthcare Funding in Bracknell Forest

**Report by a Working Group of the
Overview and Scrutiny Commission**

June 2007

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Acknowledgements

The Working Group would like to express their thanks to the following people for their co-operation and time. All those who have participated in the review have been thanked for their contribution and provided with a copy of this report.

Dr Lise Llewellyn, Chief Executive, Berkshire East Primary Care Trust

Councillor Dale Birch, Executive Member for Adult Services, Health and Housing

Keith Ford, Independent Consultant

The following Officers from Bracknell Forest Borough Council:

Richard Beaumont, Katie Dover – Chief Executive’s Department

Glynn Jones – Adult Services and Housing Department

Hannah Coman – Corporate Services Department

'What might be considered core services elsewhere will have to be critically examined to see if they are affordable in Thames Valley'

Attributed to the former Chief Executive of the Thames Valley Strategic Health Authority.

1. Forward by the Chairman

On the 16 February 2007 the former Chairman of the Overview and Scrutiny Commission of Bracknell Forest Borough Council wrote to the Chief Executive of the Berkshire East Primary Care Trust, Dr Lise Llewellyn, to advise her that his Commission had decided on the 18 January 2007 to appoint a Working Group to review the Health Care funding for the Borough.

This decision was taken following information imparted by her to a meeting of the Health Overview and Scrutiny Commission on the 7 December 2006 that Bracknell Forest had been under funded annually for the last four years and that this shortfall is unlikely to be remedied for the next four years.

Subsequently the following Panel members were appointed to carry out this review:

Councillor RC Edger OBE
Chairman Adult Services and Housing Overview and Scrutiny Panel

Councillor IW Leake
Chairman Health Overview and Scrutiny Panel
Chairman of the Joint East Berkshire Health Overview and Scrutiny Committee

Councillor MJ Beadsley
Deputy Leader of the Labour Group

Councillor AS Browne
Vice Chairman Health Overview and Scrutiny Panel

The Terms of Reference for this review are given at Appendix 1

The first part of the review began on 7 March 2007 when Dr Llewellyn was interviewed, and concluded on the 16 March 2007 with the interview of Councillor Dale Birch, Executive Member for Adult Services and Health.

Throughout the review the working group were given technical advice and research support by Mr Keith Ford OBE CPFA, former Finance Director of Avon, Gloucester and Wiltshire Strategic Health Authority.

This is an outline report by the Working Group on Healthcare Funding. The Working Group was formed by the agreement of the Overview and Scrutiny Commission.

2. Background

- 2.1 At a meeting of the Council's Health Overview and Scrutiny Panel on 7 December 2006, Dr Lise Llewellyn, Chief Executive of the Berkshire East Primary Care Trust, declared that Bracknell Forest had been under funded since 2002 by about £4m annually, by reference to the government formula for Primary Care Trusts. Dr Llewellyn also noted that The Royal Borough of Windsor and Maidenhead had been over funded in the same period by around £11m annually whilst Slough had been funded broadly in line with the formula.
- 2.2 This revelation was a considerable surprise to Members, and at odds with assurances given to Scrutiny members by the former Bracknell Forest PCT. Hence, at a meeting held on 18 January 2007, Members of the Overview and Scrutiny Commission agreed to undertake a review of healthcare funding in the Borough of Bracknell Forest. The Commission established a working group consisting of Councillors Edger, Leake, Beadsley and Browne, with Councillor Sargeant, Chairman of the Overview and Scrutiny Commission, acting as a co-opted Member of the Group as required.
- 2.3 The key observations of the working group review's scope were to determine what services the Bracknell Forest PCT supplied to Bracknell Forest Borough and to ascertain what services were denied to its residents over the last four years due to the funding imbalance. From this starting point the aim was to assess the immediate steps being taken to permanently redress any imbalance of these services. The review was undertaken under the terms of the Health and Social Care Act 2001.
- 2.4 The scope of the review was separated into two parts, the first to look at the issues stated as follows:
- a. *The difference and equivalence of PCT services in Bracknell Forest and other authorities in Berkshire East PCT.*
 - b. *How the PCT funding formula operates and how the under-funding for Bracknell Forest in the region of £4M assumed to have been year on year over the last four years, arose.*
 - c. *The role of the Bracknell Forest Health and Social Care Partnership in addressing the issue.*
 - d. *The value of the review is to ensure under-funding does not reoccur.*
- 2.5 This report summarizes the work undertaken on part one of the scope. The working group decided that it would consider whether to undertake part two of the scope upon the conclusion of part one of the review. It was considered that part two would involve more thorough investigation into what actions the Berkshire East PCT would take to correct under-funding and determine what they and the Strategic Health Authority were doing to ensure equitable funding was maintained in the future for Bracknell Forest.

- 2.6 Any issues not pertinent to the PCT funding formula; its consequences and its remediation, were excluded from the scope of the review.
- 2.7 Mr Keith Ford, OBE, CPFA was invited to act as an independent consultant on this review, due to his substantial experience with regards to working with the NHS and the funding formulae.

3. Investigation and Information Gathering

3.1 Programme of the investigation

The working group met on the following dates on the basis of a work programme generated by an initial meeting.

| | | |
|-------------|---|---|
| 15 January | - | Initial Meeting to decide to carry out a review |
| 21 February | - | Scoping Meeting |
| 27 February | - | Scoping Meeting with Keith Ford |
| 7 March | - | Meeting with Dr Lise Llewellyn |
| 16 March | - | Meeting with Councillor Dale Birch |

3.2 Consultant Advice

Keith Ford, the group's consultant, attended the meeting of 7 March to give advice to the group on the details of the NHS funding formulae and related issues. The advice and information he gave covered the following areas:

a) Background to Resource Allocation and Targets in the NHS

Keith Ford advised the group that every PCT in England received an allocation of funding for which it provides healthcare directly as well as commissioning healthcare from providers e.g. hospitals.

The working group noted that the allocation of funds was set by reference to the previous year with an uplift of funds to reflect inflation as well as growth. The uplift amount being determined by the PCT's position against the "fair shares" target. PCTs with allocations above their target receive lower than average uplift.

Keith Ford informed the group that the formula for the calculation of this target had been kept under review since 1976, and now is reviewed by the Ministerial Advisory Committee on Resource allocation, on which Keith Ford himself served. Since 1976 the conceptual approach to the funding allocation had remained the same; that there should be *equal funding for people at equal risk*.

In order to follow this aim, the target was calculated by reference to population, adjusted for sex/age mix, adjusted for need and variations in cost arising from market forces. The element of "need" relied on measures of deprivation which were reviewed from time to time and were subject to debate. It was noted that the Department of Health publish details of the formula calculations on their website. The data used in the formula is updated every year for population, weighting for the elderly, the inclusion of the most recent deprivation data, and an annual recalculation of the impact of market forces on costs.

b) Funding Data relating to Bracknell Forest PCT

The group considered the figures relating to Bracknell Forest PCT area for the 2007/2008 year as follows:

The funds available per head of population in England were £1,388

The target for the former Bracknell Forest PCT was given as £1,147
 The PCT's allocation was set as £1,105

The PCT was thus recorded as under target by 3.7%
 Multiplies by the population in the PCT this amounts to £4.116million
under target

The Working Group was concerned that the comparison data for neighbouring East Berkshire local authorities revealed that Slough PCT area were £0.065m over-funded in comparison to target while Windsor, Ascot and Maidenhead PCT area were £10.606 million over-funded in comparison to target in the same period.

However, in looking at the disparities of previous years the population data used on which to base the calculations reverted in 2006/2007 to use data which included an adjustment for population growth since the census. The data used was the mid 2006 population estimates as opposed to the 2001 census data. It was reported that this benefited the Bracknell Forest area more than Slough and Windsor, Ascot and Maidenhead by moving it closer to its target figures than the other two areas.

Hence the working group considered that it should concentrate its concerns upon the current year's under-funding and the question of what action the newly merged Berkshire East Primary Care Trust would take to continue to honour the improvement planned for the Bracknell Forest area in terms of NHS funding in future years.

c) Information relating to deprivation

The working group found that different weightings applied to each area, as part of the calculations for their funding formula, as follows:

| | Bracknell Forest | Slough | Windsor, Ascot and Maidenhead |
|---------------|------------------|--------|-------------------------------|
| Age | 91% | 92% | 98% |
| Need | 81% | 103% | 74% |
| Market Forces | 111% | 110% | 111% |

It is therefore evident that deprivation differential between areas had therefore already been taken account of in the original funding formula (e.g the 22% differential between Slough and Bracknell Forest) and therefore there did not need to be further adjustments to the PCT's budget to take account of it.

d) Governance Arrangements

The Working Group sought details about the distribution of the information on the financial allocations

Keith Ford reported that the details of the proposed allocations and distances from target for the 2007/2008 year were included in a schedule of every PCT position published by the National Director of Finance on 9th February 2005. This information was sent to all NHS Chief Executives and Directors of Social Services.

In March 2005 the former Thames Valley Strategic Health Authority received a report from its Director of Resources which gave the local figures. This paper was in the public part of the agenda for that meeting.

The merger consultation document on the website of the former Thames Valley Strategic Health Authority made no reference to the capitation position of the three former PCTs. Had it done so, it may have resulted in assurances being sought as to continuing funding positions of the three areas.

e) Receiving a fair share of funding and how to measure this

The PCT expressed the view that on the issue of whether an area was receiving a fair share of funding related to health outcomes i.e. how healthy the residents are. However, Keith Ford pointed out that outcome measurements can be crude e.g. survival rates or death rates do not cover chronic conditions. The Working Group were advised that Bracknell Forest Borough Council are entitled to explore with the PCT the wealth of data that exists and seek to reach an agreement on what information should be shared and monitored beyond mortality data.

f) Practice Based Commissioning

Having moved from three separate PCTs to one single PCT for Berkshire East, there was an intention now to devolve spending decisions down to GP practice level. There was a Department of Health toolkit for the initial calculation of Practice Based Budgets but not yet a formula for the calculation of a "fair shares" target at GP practice level.

The recently formed Professional Executive Committee, comprised of GPs and other clinicians such as therapists would be a key body on such issues, and the working group were advised to keep in touch with discussions on practice based commissioning.

g) Constraints to Action

The 2007/2008 funding year was expected to be the last year of high cash uplifts with 9.4% as the England average, with expectations that the 2008/2009 year would give a 3.5% average. Hence it was thought that scope for progress towards a fairer share for Bracknell Forest in 2008/2009 might be limited, and the Council would not want to accept too readily that 2007/2008 is constrained.

h) Role of the Independent Reconfiguration Panel

The working group were informed that the IRP acts to advise the Secretary of State for Health only when requested by the Secretary of State to do so. This would be in relation to matters of major service change such as hospital closures/mergers where these were contested locally. The IRP would

therefore be unlikely to be relevant to the decisions of the PCT on how to spend their annual revenue budget.

3.3 ***Summary of the interview with Dr Lise Llewellyn, Chief Executive Berkshire East Primary Care Trust on 7 March 2007:***

Dr Llewellyn explained at the start of the interview that it was important to focus on 'service outcomes' rather than 'provision' to gauge improvement of health across the area. Bracknell Forest was considered to be a relatively healthy place to live and since core services were not defined by the NHS it followed that Slough, with greater health problems, needed more specialised services to deal with them.

Dr Llewellyn was asked how assessments were carried out and what data was being used. She explained that 'a substantial problem was caused by the fact that the funding was given based on the population numbers which were then weighted by demographics and deprivation levels. The population figures were based on the Office of National Statistics and the accuracy was crucial to the outcome'.

These figures could be out of date especially when an area was subject to rapid growth, like Bracknell Forest. Members expressed concern that if the funding formula was based on false statistics then Bracknell Forest would never reach the level of obtaining resources to achieve a higher level of health provision for residents. Dr Llewellyn conceded that it was her task to improve these areas of concern but that her focus had to be on those areas where the need was greatest.

Members learned that whilst Bracknell Forest had the fifth lowest spend per head of population in England the new Primary Care Trust would be looking at GP practices to compare who had above and below their fair share of funding. However, she maintained the chances of changing the formula funding were negligible and had been tried elsewhere but failed, also existing budgets could not be turned around easily.

Regarding the specific under spend members learned that a paper was presented to the old Bracknell Forest Primary Care Trust on 31 March 2005 explaining why the Trust was heading from an over funded to an under funded financial position in a year. This paper was in the public domain but Dr Llewellyn was unclear who in the 'Council' would have been aware of it. There was no record of any representations being made at the time.

(NB - Whilst it might have been expected that this information would be presented to the Health and Social Care Partnership Board for discussion, there is no record in the minutes of meetings around this time that any such discussion took place.)

Dr Llewellyn stated that in future the Berkshire East Primary Care Trust accounts would be taken to the Health Overview and Scrutiny Panel and Public Primary Care Trust for discussion; and in conclusion she expected that health spending in Bracknell Forest would be given more transparency in the future than it had in the past.

The full minutes of this meeting are attached at appendix 2.

3.4 ***Summary of the interview with Councillor Dale Birch Executive Member for Adult Services and Health held on 16 March 2007.***

Before the interview began the Lead Member made it clear that information provided by the Working Group's consultant had revealed that Bracknell Forest had not been under funded year on year for the last four years and had been properly funded up to 2006/7 after which the shortfall of £4.116M arose. He also pointed out that whilst the Government average funding per head of population for 2006/7 was £1388 Bracknell Forest Primary Care Trust received only £1147 for some reason.

Councillor Birch, who is now also Chairman of the Bracknell Health and Social Care Partnership Board, informed Members that the Chief Executive of the Bracknell Forest Primary Care Trust had warned the partnership that there was a funding gap but did not give an actual figure. The meeting at which she offered this information was less concerned with a short fall in financial resources than with the emphasis it was placing on identifying commissioning 'need' and how to deliver it.

He confirmed that in meetings he had attended no specific questions had been asked about reduced services that may result from the short fall since mainly attention was being paid to the delivery of services than the health budget overall. He also stated that there was once a very loose communication between the Council and the old Bracknell Forest Primary Care Trust but there was a growing relationship between the Council and the new Primary Care Trust with meetings already held between him, the Chairman of the Berkshire East Primary Care Trust and the Trust's Locality Manager for Bracknell Forest.

When asked how matters could have been handled differently and what lessons had been learned Councillor Birch said that in the past poor relationships had impeded good communication and that as far as the Bracknell Forest Primary Care Trust was concerned everything sent to the Director of Social Services and Housing was to 'the Council'. The implication being that information was being passed and communication was established but that it was of no concern of the Primary Care Trust how this information was analysed or cascaded to those who needed to use it.

A joint understanding was now developing between the Council and the Berkshire East Primary Care Trust and more pertinent questions of a financial and health delivery nature were being asked than before.

The full minutes of this meeting are attached at appendix 3.

4. Conclusions

- 4.1 Every Primary Care Trust (PCT) in England receives an allocation of funds with which it both directly provides healthcare (typically General Practitioners (GP) and Community services) and commissions healthcare from providers (typically hospitals). Since 1976 the allocation of funds is set by reference to the previous year plus an additional sum for inflation and growth (the 'formula'). What determines what each PCT gets is a 'fair shares target' and whilst the allocation may differ from one PCT to another progress towards a geographically fairer distribution of funds has remained an objective.
- 4.2 The fundamental concept is that there should be equal funding for people at equal risk but the most contentious element conceptually is 'need' which is not capable of being measured directly but relies on proxy measures of deprivation. Changes in the formula for allocating funds began in 1997 when criticism of under funding, an 'unmet need', in the industrial and ex-industrial parts of the country shifted funding away from the shire counties. In this context Bracknell Forest is considered a very healthy place to live.
- 4.3 The Working Group is advised that no individual Primary Care Trust has ever been successful in arguing a change in the formula referred to above and such approaches have been seen as 'self-interested lobbying'.

However, the following data of funding for the financial year 2007/08 shows:

| | |
|--|--------|
| Funds available per head of population in England: | £1,388 |
| Target allocation for the former Bracknell Forest PCT: | £1,147 |
| Actual allocation set at: | £1,105 |
| An under-target allocation by: | 3.7% |

Resulting, when multiplied by the population in the PCT, in an under funding of £4.116M

- 4.4 We can assume that this shortfall was neither challenged nor notified to the 'Council' in specific terms at the time and no evidence exists to suggest it was. Although, in the manner in which the NHS/PCT considered its consultation to be effective at that time it might have been sent to the Director of Social Services and Housing but not articulated in any sense that would have caused concern i.e. because services had not been noticeably cut and the 'need' factor was being serviced satisfactorily. We understand that this data was published in a Department of Health letter dated 9 February 2005 sent by the then national Director of Finance to NHS Chief Executives (PCTs and Trusts) and to Directors of Social Services. The letter gave targets and allocations for the Financial Years 2006/07 and 2007/08. As stated above the assumption is that the significance of this data was not recognised at the time although this cannot be verified with certainty since neither the then Chief Executive of Bracknell Forest PCT nor the Director of Social Services and Housing work in the Borough any longer.
- 4.5 At the same time these figures were available to us the neighbouring Boroughs were funded correctly in the case of Slough whereas the Royal Borough of Windsor and Maidenhead were over funded by 5.8% amounting

to £10,606M. They were given by Dr Lise Llewellyn, the Chief Executive Berkshire East PCT, at her briefing to the Health Overview and Scrutiny Panel on 7 December 2006. She could not have anticipated it coming as such a surprise to Panel Members given they, the figures, had been in the public domain for some time.

- 4.6 Research has shown that prior to 2007/08 Bracknell Forest was being funded properly and even benefited from a slight over spend so it cannot be argued that the Borough has been under funded for the four years it was at first thought. However, as matters stand within the newly merged PCT we are likely to be under funded by comparison with the Royal Borough but in parity with Slough for some time to come. Prior to the merger the Department of Health's declared policy was to correct imbalances over time by a process of differential growth and it is known that Bracknell Forest was to receive a 1.5% higher uplift (increase) than Windsor in 2007/08 and smaller percentage rise by comparison with Slough. We believe a strong case exists for pursuing this improvement and should expect this increase to be honoured by the new PCT, as would have been the case had the Bracknell Forest PCT continued to exist.
- 4.7 In the context of funding allocations we are advised of the importance of understanding how deprivation features in the formula. Figures presented show that Slough are compensated by 3% more in their target for need but Bracknell Forest is down rated by 19% giving a differential of 22%. We would not, therefore, expect the merged PCT to skew its financial policies in favour of Slough since that has already been done in the targets and it rests with the Health and Social Care Partnership Board and the Health Overview and Scrutiny Panel to monitor this; especially as the immigrant population is known to be rising in that Borough. We are firm in our belief that it is for Slough and the Berkshire East PCT to make representations to the Government if more funds are needed than those that already exist to support their services and we do not expect a reduction in funding elsewhere to meet any short fall that has arisen.
- 4.8 Regarding governance and procedure around the time of the merger a consultation document was posted on the website of the former Strategic Health Authority that did not mention the capitation position of the three PCTs. Whilst this would probably have made no difference to the final decision it might well have resulted in assurances being given about the continued progress towards the target levels of the constituent parts of the reformed PCT. This lays greater emphasis on our administration to monitor the division of whatever funds are allocated to Berkshire East PCT to ensure that Bracknell Forest gets what it is entitled to by way of need and that this need is accurately researched by us to ensure it is properly identified and subsequently funded.
- 4.9 As already stated the Health Overview and Scrutiny Panel have an important role to play in carrying out scrutiny but the difficulties should not be underestimated. PCTs measure success in health outcome terms; therefore, if Bracknell Forest is seen to be healthier by comparison with other places it could be argued that this factor in itself justifies the amount of money being spent on its existing services; consequently the actual amount of money being spent could be seen as not a critical factor in itself. Our view is that whilst this argument might have substance there is no excuse for not ensuring that health outcomes in Bracknell Forest do continue to rise and that the

yardstick should not be a comparison with other areas which may be worse off but with those areas that are even more advanced than we are here. There is a growing use of data for comparison about levels of service in Hospitals and GP practices and we are entitled to explore this with the PCT to provide the health outcomes in Bracknell Forest we all want to see.

4.10 In this context also Dr Llewellyn stated in her interview that she was not committed to any previous levels of spend decided by her predecessors in the former PCTs. However, much is being made of the new Practice Based Commissioning strategy and we must ensure that local interests are being properly considered in this exercise. We understand that this financial year may be the last we will see for some time when large increases are made to NHS budgets (some of which have already been announced). So, we are mindful that if this is the case then further progress to a fairer share of the funds available may be restricted in the years to come and that our efforts to ensure that our share is fair and equitable should not be constrained in this financial year.

4.11 In summary the Working Group concludes:

1. It is worthwhile keeping the national formula under review but we should not spend time at the moment seeking to change it.
2. The PCTs approach to deprivation must be monitored and reminded that Slough already has a 22% premium (£27M) over Bracknell Forest for this.
3. We should bear in mind that if the PCTs had not merged Bracknell Forest would have received an improved allocation 0.7% relative to Slough and 1.5% relative to The Royal Borough of Windsor and Maidenhead and seek to pursue delivery of this increase in this financial year.
4. The authority must work with the PCT to gain an understanding not only of the differences in health outcomes locally, but also health provision generally, with a view to reaching equity with our neighbouring authorities quickly.
5. We should work with the PCT to understand how Practice Based Commissioning will be used locally to achieve equity and over what time scale.
6. That good monitoring by both the Health Overview and Scrutiny Panel and the Health and Social Care Partnership Board is essential to ensure that the mistakes of the past in failing to identify a shortfall in funding, leading to this review, does not recur and that procedures are put in place between the PCT and ourselves to ensure the probity of the system now and for the future is established as quickly as possible.

4.12 Finally, we consider that the aims and objectives of the scoping instructions as stated at paragraph 2.4 of the above report have been met by these conclusions and that if the recommendations are accepted by the Executive the purpose of this review will have achieved its aims and highlighted the way by which this under funding situation arose and in what way future budget setting must be monitored. Furthermore, the Group consider that realistically there is no chance, in the current financial climate in the NHS despite the proposed increases, for lost funds to be redeemed and also that no immediate purpose will be achieved by going on to a second phase of this review. However, this report should be brought back to the Health Overview

and Scrutiny Panel in a year's time by the Executive Member for progress to be assessed and judged on its recommendations, after which a report should be submitted to the Overview and Scrutiny Commission.

- 4.13 The Working Group expresses thanks to Dr Lise Llewellyn the Chief Executive of the Berkshire East PCT, and Councillor Dale Birch the Executive Member for Adult Services and Health, for their time and transparent help in assisting us to come to these conclusions; and to our consultant Mr Keith Ford CPFA OBE.

5. Recommendations of the Working Group

5.1 *To Bracknell Forest Borough Council Officers and Members it is recommended that:*

- 5.1.1 Incoming mail addressed blandly to the 'Director of Social Services' should be carefully scrutinised by officers to ensure that the significance of its content is understood and that information detrimental to the provision of health and domiciliary services in Bracknell Forest is recognised and brought to the attention of the appropriate officers and Executive member for action.
- 5.1.2 Berkshire East Primary Care Trust's accounts are annually scrutinised by the Health Overview and Scrutiny Panel from now onwards as a matter of routine.
- 5.1.3 That the terms of reference of the Health and Social Care Partnership Board are reviewed and/or revised to ensure the purpose of this body is functional and beneficial to the residents of Bracknell Forest by comparison with its neighbouring authorities.

5.2 *To Berkshire East Primary Care Trust it is recommended that:*

- 5.2.1 The Berkshire East Primary Care Trust establish if the formula being used for the health funding of Bracknell Forest is correct; as this may be the basis in the future for influencing change through research and publicity.
- 5.2.2 Berkshire East Primary Care Trust honour the improvement planned for the funding of the late Bracknell Forest Primary Care Trust in this financial year i.e. 0.7% more than Slough and 1.5% more than the Royal Borough of Windsor and Maidenhead.
- 5.2.3 Berkshire East Primary Care Trust does not skew its financial policies in favour of Slough on the basis of perceived deprivation since this will have already been recognised in the calculation of financial targets.
- 5.2.4 Having established that Bracknell Forest has the fifth lowest spend for health in England, Berkshire East Primary Care Trust is requested to review GP practices, to establish which had above or below their fair share of funding and make the necessary adjustments.
- 5.2.5 The Berkshire East Primary Care Trust identify the measurement criteria of health outcomes in Bracknell Forest comparing local with national practice in so far as is not now being done. These outcomes and the practical application locally should be formally shared with this authority on a regular basis, enabling it to judge how well the health of its residents is being managed against its own health strategies and generally; so giving it the opportunity to comment on success, concerns and where it sees improvement potential.

5.3 *To both Bracknell Forest Borough Council and Berkshire East Primary Care Trust it is recommended that:*

- 5.3.1 From now onwards a more open dialogue takes place between Berkshire East Primary Care Trust and officers and Executive members of the Council as to where to spend the funding allocation for the Borough and that the

improved relationships now existing ensure an informed Executive consistently in touch with the state of health and health funding in Bracknell Forest.

- 5.3.2 Bracknell Forest Council, through its Executive and Health Overview and Scrutiny Panel, are kept informed of discussions on Practice Based Commissioning to ensure that local interests are being served; and that Board papers and any underlying technical working papers are made available for scrutiny.

Appendix 1

BRACKNELL FOREST BOROUGH COUNCIL

**OVERVIEW AND SCRUTINY PANEL
2 February 2007**

WORK PROGRAMME 2006 – 2007

Terms of Reference for

OVERVIEW AND SCRUTINY WORKING GROUP ON HEALTHCARE FUNDING

Purpose of this Working Group / anticipated value of its work:

Establish:

- a. The difference and equivalence of PCT services in Bracknell Forest and other authorities in Berkshire East PCT.
- b. How the PCT funding formula operates and how the under-funding for Bracknell Forest in the region of £4M year on year over the last four years, arose.
- c. The role of the Bracknell Forest Health and Social Care Partnership in addressing the issue.
- d. The value of the review is to ensure under-funding does not recur.

Key Objectives:

There are three key objectives, they are:

- a. To determine what services the Berkshire East PCT supply to Bracknell Forest.
- b. What services were denied Bracknell Forest over the last four years?
- c. The immediate steps being taken to permanently redress any imbalance of these services.

Scope of the work:

The review is to be undertaken under the Health and Social Care Act 2001 in two Parts. The first is explained in the 'purpose and value' issues stated above and to decide whether or not to continue to stage 2 which will:

- a. Investigate more thoroughly what East Berkshire PCT and the Strategic Health Authority are doing to correct the under-funding.
- b. Determine what East Berkshire PCT and the Strategic Health Authority are doing to ensure equitable funding for Bracknell Forest being maintained in the future.
- c. Ensure that the PCT's time scale for changing the funding for Bracknell Forest is as short as possible.
- d. Decide if the 'Reconfiguration Panel' needs to be drawn into the resolution of the under-funding.
- e. Consider the impact under-funding may have had on the health and social care in Bracknell Forest.
- f. Report the findings of the review to the Overview and Scrutiny Commission with recommendations to the Council's Executive, and as appropriate, the Berkshire East PCT, the Health and Social Care Partnership, and the Strategic Health Authority.

Not included in the scope:

Any issues not pertinent to the PCT funding formula, its consequences and its remediation, for example speculation on the development of any Health Multiplex.

Terms of Reference prepared by: *The Lead member and Review Panel*

Terms of Reference agreed by: *Councillor M. Sargeant*
Chairman Overview and Scrutiny Commission

Working Group structure: *Councillor RC Edger OBE*
Chairman ASC&H O&S Panel
Councillor IW Leake
Chairman Health O&S Panel
Councillor MJ Beadsley
Deputy Leader Labour Group and O&S Commission Member
Councillor AS Browne
Vice Chairman, Health O&S Panel

Working Group Lead Member: *Councillor RC Edger OBE*

Portfolio Holder: *Councillor DP Birch*
Deputy Leader

BACKGROUND:

1. At a meeting of the Council's Health Overview and Scrutiny Panel On 7 December 2006, Dr Lise Llewellyn, Chief Executive of the Berkshire East Primary Care Trust, declared that:
 - Bracknell Forest had been under funded since 2002 by about £4m annually, by reference to the government formula for PCTs;
 - The Royal Borough of Windsor and Maidenhead had been over funded in the same period by around £11m annually;
 - Slough Borough Council had been funded broadly in line with the formula.

This revelation was a considerable surprise to members, and at odds with assurances given to Scrutiny members by the former Bracknell Forest PCT.

2. When questioned about this, Dr Llewellyn said that whilst she regretted this imbalance, which would be addressed as soon as possible, full, equity of funding could probably not be achieved for about three years.
3. Overview and Scrutiny Members query whether this underfunding may have had a serious effect on Bracknell Forest Borough Council's Health and Social Care performance.
4. The funding shortfall may also have contributed to the PCT's decision to withdraw funding for the 'Activate' scheme, which had been valued by the Council, also possibly post-operative care.

Appendix 2

WORKING GROUP ON HEALTHCARE FUNDING

7 MARCH 2007

Present: Councillors Edger (Chairman), Beadsley, Leake and Sargeant
Keith Ford, Consultant
Glyn Jones, Assistant Director Social Services
Katie Dover, Policy Officer

Dr Lise Llewellyn, Berkshire East Primary Care Trust

Dr Llewellyn attended the meeting to assist the group with their queries relating to healthcare funding within the Borough of Bracknell Forest, as follow:-

1. Equivalence of Health Provision with Neighbouring Local Authorities

Dr Llewellyn noted that it was important to focus on service outcomes rather than provision in order to gauge whether the PCT's aim of improving the health of the population was being achieved. The driver for the PCT was the aim of reducing health inequalities. Dr Llewellyn reported that Bracknell Forest is a relatively healthy place to live in compared to other areas which was why it was awarded less funding per head from the Government.

Dr Llewellyn reported that core services should be provided for everyone but these core services were not defined anywhere by the NHS and it would help to have such a list.. She reported that access to services was determined by need. In Slough there were greater health problems and therefore more specialised services to deal with them. The PCT were looking for equitable outcomes.

It was noted that the PCT were looking at the future of community services this spring.

2. Which services are there where there are different demands for them in different areas?

There would be less demand for health visitors in more affluent areas such as Binfield than others. However the issue was about placing services relative to the needs of the area. Bracknell Forest's population is younger than Windsor and Maidenhead's and thus would have a different set of service demands.

3. Where is the information found to assess these differences?

Found via the Department of Public Health – "health needs" work. The PCT collected information on levels of usage. The data could now be tracked back to who used what service, when and for what.

4. Is usage affected by ready availability?

The closer a person is to a service, the more likely they are to use that service, and this includes specialist services. E.g. in London the percentage spend on hospital care is much greater than in Bracknell Forest.

5. How often do you reassess the data you base your assessments on?

Dr Llewellyn reported that the PCT should meet regularly with the council to look at the plans for future housing developments. Dr Llewellyn has recently met with Victor Nicholls and the Chief Executive to do so. Hence the PCT could have an involvement on such issues as the Section 106 agreements and influence the provision of new primary care in new housing areas.

A substantial problem was caused by the fact that the funding was given based on the population numbers which were then weighted by demographics and deprivation levels. The population figures were based on the Office of National Statistics' figures, and the accuracy was crucial to the funding outcome. These could be out of date as based on statistics such as the latest census, and the numbers of people on GP registers. It was noted that some residents might be registered with GPs outside the Borough.

Bracknell Forest had changed from being over to under funded in a relatively short space of time due to the rapid population growth. The Office of National Statistics has been saying that the population of Slough was currently falling, and which was thought unlikely. Slough Borough Council was lobbying MPs about the issue.

The working group expressed concern that given the fact that funding was based on statistics and that the population of Bracknell was also growing rapidly, that it would never reach the level of obtaining resources to achieve a higher level of health service provision for the population. Dr Llewellyn noted that it was her job to improve areas of concern and mortality rates overall and then to target the worst areas in particular. There would be a positive knock-on effect from improving the worst areas. The focus had to be on the greatest need.

It was noted that Bracknell Forest had the fifth lowest spend per head for health in England. Dr Llewellyn stated that she would be looking at GP practices to see which had above and below their fair share of funding.

With regards to extended schools, Dr Llewellyn had just spoken to Tony Eccleston and would need to speak to him again on re-profiling services in relation to extended schools.

6. Would it be difficult for you to explain on a national level why Bracknell Forest requires more funding?

Yes – this has been tried unsuccessfully in other areas and it would be difficult. However we can try and be inventive with organising the funding.

7. Is the over-funding of Windsor and Maidenhead as a result of the formula or as a result of something else?

Dr Llewellyn reported that the basis for the funding formula was historic. The spend was about the pace of change and how you get to the capitation spend level. If you were over the capitation level you incur less growth. E.g. in Easington, which had the lowest capitation spend and therefore wanted the fastest pace of change. Political

influence affects the pace of change. It was not likely to change dramatically in Bracknell Forest however.

The funding allocation had already been received for this year based on the East Berkshire Primary Care Trust's for the year 2007/2008. In September/October we would be allocated funding for the next 3 years. Hence we were entrenched with the historical funding formula for a while yet. It was important to see what figures the Office of National Statistics used for each in for the three East Berkshire areas.

8. Will the formula give you the opportunity to level those inequalities over the area?

Dr Llewellyn reported that she would work with GP practices to get them to their fair share level. She would negotiate with them about their budgets. Funding would come in two different streams; a) for secondary care and b) for patients. Both pots of money would be forwarded to practice leaders.

9. Were there previously any representations by the Bracknell Forest Primary Care Trust on the under-funding situation in Bracknell Forest?

A paper was presented to Bracknell Forest Primary Care Trust on 31 March 2005 which showed how the area went from over to under funding. This paper would have been in the public domain but Dr Llewellyn was not sure of whom in Bracknell Forest was aware of it. At the same time Milton Keynes required help and funding in the area was paid back to them.

The pattern of spend differences around the area are very interesting. Dr Llewellyn promised to share the details of the budget with the Council once the initial work had been done on them. It was noted that NHS contracts were unlikely to get into penalties against each other as they were all part of the same organisation.

Once Heatherwood and Wexham Park became a foundation trust, they would have their own accountability systems. Monies had been provided to them to hit the 18 week waiting times during 2008. However, hospital trusts were not given a guaranteed overall income for services by the PCT, but were paid as the services were provided. Most other contracts increased by the inflation factor but general medical services were given 1% on government guidance.

Community services were given a budget uplift of 2.5%. Mental health was given £1.557million which reinstated their baseline and there would be further investment for the end of the year.

10. What commitments have been given by, or on behalf of, the new PCT to any other parties about protection of existing budgets and spending levels, or rates of growth to be maintained?

No assurances were previously made to other local authorities as to their budgets.

With regards to existing contracts Dr Llewellyn stated that:

- the number of acute service cases varied each year.

- Community services were given annual contracts with six month notice of any change

Mental health contracts were for a period of one year with six month notice period. Once a foundation trust was in place for mental health the contract would be for a 3 year period.

Commissioning was knowing what services you required for an area, and being prepared to pay the price for them. Providing services was about hitting the right improvement level and that depended on what the baseline was.

11. What issues are there to stop you achieving a more balanced budget?

Dr Llewellyn reported that she could not see issues to affect the balancing of budgets as such. There would be a review carried out by practice and locality as to where the funding was being spent.. For example a letter had been sent to GPs about minor skin procedures which on average cost £125 if undertaken in a GP practice but at least £500 in a hospital. This raised the issue of where quality was the same – was there a more effective way of doing things? Why pay the larger overheads of a hospital on a per activity basis. There was a need to challenge GPs into assessing “am I doing the best from the budget to deliver quality to the patient?”

There was evidence that once a person had been in hospital for a procedure such as a knee operation, that for every day after the operation the outcomes for them if still in hospital got worse. As soon as clinically fit, people should be returned home. This in turn would mean more care at home and the structure for this provision was not yet in place. This was an issue to be addressed in the future.

12. Health and Social Care Partnership Board

The question arose as to whether the information on under-funding would have been taken to the Board. It was thought that it should have been presented there, but whether this was the case and whether attention was drawn to the issue was not known. The Berkshire East PCT accounts should in future be taken to the Health Overview and Scrutiny Panel and the Public PCT Board meetings.

It was agreed to write to the Chairman to find out the position in relation to the Health and Social Care Partnership Board.

13. Funding this year

The funding targets this year were;

- To reach the 18 week waiting list
- Put money back into mental health services in particular childhood and adolescent mental health
- The IT programme

In future Dr Llewellyn stated that she would expect a more open discussion on where to spend the funding allocation for the area. This year the choice on what to allocate where had been restricted as there was very little spare money.

The Chairman thanked Dr Llewellyn for giving such full and informative responses to the questions put.

Appendix 3

**WORKING GROUP ON HEALTHCARE FUNDING
16 MARCH 2007
(9.45am – 11.00am)**

Present: Councillors Edger (Chairman), Beadsley, Leake and Sargeant
Councillor Birch
Glyn Jones, Assistant Director – Community Care, Social Services
and Housing
Hannah Coman, Democratic Services Officer

Firstly Councillor Edger reported the following information to the group:

- (i) Bracknell PCT had not been under funded by £4m year on year for the last four years but had been under funded by a total of £4.116m for the year 2006/07.
- (ii) In 2006/07 government health funding per head averaged at £1388, Bracknell Forest PCT had received £1147 and allocated £1105.
- (iii) The national uplift for 2007/08 was 9.7% and Bracknell Forest would receive an uplift of 9.4%, 1.1% higher than Slough and 0.4% higher than Windsor and Maidenhead. The Group were concerned as to whether this would be reflected in the funding received from Berkshire East PCT.

The purpose of the meeting was to establish whether the under funding had been identified by the Health and Social Care Partnership Board (HSCPb).

Councillor Birch attended the meeting to answer questions, as follows:

1. As Chairman of the Health and Social Care Partnership, how did the Partnership work?

The HSCPb was a themed partnership under the Local Strategic Partnership and was responsible for bringing together the PCT, public health through Don Sinclair, Environment and Leisure, the ambulance service and PPI Forums, and was the lead partnership over the Joint Strategy and Commissioning Group (JSCG).

Councillor Birch replaced a representative from the PCT as the Chair. Councillor Mills had been the Vice-Chairman while the PCT had chaired the Partnership. JSCG's role was to carry out the work of the HSCPb which aimed at bringing the work of the partners together in order to remove duplication of that work.

Since Councillor Birch had taken on Chairmanship in Spring 2006 there had been two HSCPb meetings, as the one scheduled in January 2007 had been cancelled. One of the pieces of work the Partnership had completed was the BF1500 health survey. This was developed jointly with the PCT and all partners had contributed to the questions in the survey. An analysis of the survey had now been completed.

At the HSCPb the PCT had given regular updates on a number of issues, with the last meeting focusing on prescribing. Nick Relph had also attended a meeting in 2006 which had alerted members to the fact that the health economy would be £40m light going forward.

The HSCPb had been told by Diane Hedges that there was a funding gap in Bracknell Forest but had not been given an actual figure. This was a higher issue than was discussed at HSCPb or JSCG, which had the role of identifying commissioning need and delivering it.

2. Clearly Bracknell Forest had been under funded so what services were currently not being received?

The Activate scheme was jointly funded by the Council and the PCT and this had been cut, but Councillor Birch was unsure whether there was any intention to cut other services.

The Assistant Director – Community Care stated that the resources received were the same as the previous year, but it was not known what would happen next year.

3. Did the HSCPb ask questions around the cutting of services?

Specific questions about the cutting of services were not asked, Diane Hedges explained that there was a funding gap and questions were asked but information was not given relating to specific services.

4. Did the HSCPb or Bracknell Forest PCT raise the shortfall as an issue?

The financial situation was raised at HSCPb but the figure of £4.116m was not given. The same information was presented at HSCPb and at the Health Overview and Scrutiny so it was the December 2007 Health Overview and Scrutiny Panel where the figure was discovered.

Questions at forums would have been around what Bracknell Forest Borough Council was delivering and not regarding an overall health budget. It was believed that the relevant questions were being asked at the HSCPb whose role it was to question the PCT in terms of delivering services to residents.

5. Was there anybody in the Social Services and Housing department who could give advice on finance?

Currently Mary Purnell, Bracknell Forest Locality Manager was based at Time Square and officers in the department were able to access the information they needed.

Previously there had been very loose communication between the Council and the PCT, and with the reconfiguration of the PCT there had been little value in setting up a formal relationship. Since the situation had settled down there had been a better rapport with the Chief Executive of the PCT who had offered to make people available to work on the Health Strategy. There had been meetings with the Locality Manager, Councillor Birch had met the Chairman, and received regular updates regarding the 'Right Care Right Place' consultation.

The group raised concern that the HSCPb had not been truthfully dealt with. It was strongly felt that more questions needed to be asked in the future and that the Council needed to be involved in the PCT's budgeting process.

6. In retrospect how could matters have been handled differently and what lessons have been learnt?

Relationships were difficult the previous year and working with partners was difficult because information had to be handled carefully. When Councillor Birch became chairman of the HSCP questions began to be asked regarding the funding. At the same time the PCT was unsure of who to talk to in the Council and considered that everything that was sent to the Director of Social Services and Housing was 'the Council'.

The Chief Executive of Berkshire East PCT was now aware of how the Council was structured and who should be presented with information. Working together on the Health Strategy meant that the PCT would need to answer questions around what Bracknell Forest wanted. Joint understanding hopefully meant that there was more power to ask questions from the Council side.

The group were concerned that previously there had been a flaw in the system which had resulted in information not getting through to the correct people. It was hoped that by highlighting the issue this kind of situation would not arise again.

The group thanked Councillor Birch for attending the meeting and answering the questions honestly. He hoped that the right results would be achieved by Overview and Scrutiny taking on the issue.