

Extract from the Healthcare Funding Report

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 under estimated. 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.

To The Chairman of the Overview and Scrutiny Commission it is recommended that:

- 5.4 The Chairman should forward a copy of this review report to the Members of Parliament with constituencies in Bracknell Forest, requesting their support for securing equitable healthcare funding for Bracknell Forest. The Chairman should outline the Commission's concerns regarding the fact that Bracknell Forest has the fifth lowest spend per head for health in England; the inequitable failure to apply the full formula funding in Bracknell Forest in 2007/08; and the further risk of diversion of health funding from Bracknell Forest to Slough to address the reported unmet additional health needs in Slough, which in the Commission's view must be met by central funding.