



London Borough of Hillingdon

External Services Scrutiny Committee

First Report to Cabinet

September 2006

Members of the Committee:

Cllr Mary O'Connor (Chairman)

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External Services Scrutiny Committee: First Report to Cabinet

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Chairman's Foreword



I was delighted to be offered the opportunity to be the Chairman of this new committee for I believe external scrutiny is an important innovation in overview and scrutiny. Several large organisations provide vital public services to Hillingdon residents. However the mechanisms for scrutinising these organisations and making sure they act in the interests of our residents are not always clear.

The External Services Scrutiny Committee enables local Councillors to examine issues of public concern and directly question the organisations involved wherever possible. As such, we are central to the Council's community leadership work and are well placed to play a key role in championing the interests of local residents.

In our short time together we have already made an impact through leading a thorough public scrutiny of both Hillingdon Primary Care Trust's recovery plan and the proposals for burns and plastics services at Mount Vernon Hospital. Our detailed report on the recovery plan – an issue of great concern to Hillingdon residents – is attached to this report.

I expect this to be just the beginning: our work programme points to an exciting first year for the Committee. As such it gives me great pleasure to present this first report to Cabinet outlining both our work already completed and our plans for the upcoming months. I hope this is the first of a series of regular reports back to Cabinet.

Cllr Mary O'Connor

External Services Scrutiny Committee: **First Report to Cabinet**

September 2006

1. The External Services Scrutiny Committee was established following the May 2006 elections and at the time of writing has held two meetings. In this short time we have made great progress towards establishing the committee, and we have an exciting year ahead.

Leading the way

2. The External Services Scrutiny Committee is not just a new committee, but also a new concept for Hillingdon. Indeed, there are few other examples of External Scrutiny Committees in local government. This presents both challenges and opportunities, but we firmly believe that this provides a certain freedom and the opportunity to pioneer some innovative work. We hope that by the end of our first year, Hillingdon will be firmly established as a leader in the field of external scrutiny.

Engaging with the public

3. Hillingdon held an event in March to identify proposals for developing Overview & Scrutiny; a common theme amongst Members was the need to increase public engagement. Many Councillors raised the importance of selecting topics of interest to the public and adopting methods of working that encourage public involvement wherever possible.
4. Our 'free-lance' role and wide remit covering all non-Hillingdon Council organisations ensures we are well placed to take up the challenge of increasing public engagement. Indeed, our terms of reference specifically charge us with identifying areas of concern to the community and instigating an appropriate review process.
5. With these terms of reference in mind we have set a varied and interesting work programme for 2006/7. To encourage public and stakeholder engagement we have decided that each meeting will focus upon a single theme.

Health Scrutiny

6. Our health scrutiny role will occupy a significant portion of our time. Hillingdon Primary Care Trust (PCT) has the largest financial deficit of all PCTs in England. We have already undertaken one detailed scrutiny of the latest financial recovery plan, and we expect to return to this issue at later meetings. We also considered the latest proposals for burns and plastics services at Mount Vernon Hospital, and we will keep a close interest in the future of the remaining services at Mount

Vernon, potential interim redevelopment at Harefield, and also the proposed rebuild of Hillingdon Hospital.

7. A detailed report from our scrutiny of the PCT's recovery plan is an appendix to this report.

Other key areas

8. We are balancing this health scrutiny work with other topics including an investigation of the challenges facing the voluntary and community sector in Hillingdon and the issues surrounding the roll-out of Safer Neighbourhood Teams by the Metropolitan Police. Following a Council motion passed in June we are holding a meeting on community cohesion in April 2007. We will use this meeting to help produce the Council's first annual review of community cohesion.
9. Our work programme for 2006/7 is now full, reflecting the wide array of major issues to which we will contribute. Indeed, the challenge facing us will be in deciding which topics to review and those which may have to wait. The work programme is attached at the end of this report.
10. We can already point to concrete achievements in our short time together. We received a report from Three Valleys Water about the latest situation regarding the drought and the action taken by the company on this issue. We were reassured to hear that Three Valleys do not intend to increase restrictions beyond the hosepipe ban at the present time, and do not foresee the need for standpipes in the next few years. Water shortages would have a severe effect on Hillingdon residents and we were therefore pleased to initiate a joint initiative between the Council and Three Valleys to place a leaflet in the electoral registration letter encouraging water conservation. This demonstrates the key role our Committee can play in bringing together the Council and external partners for the benefit of Hillingdon residents.

Conference: 20th October 2006

11. Our aim is to firmly establish Hillingdon on the external scrutiny map by the end of the Council year. To this end, we are hosting a conference on external scrutiny on 20th October 2006. The event - entitled '*Improving Local Services: The Role of External Scrutiny*' - will seek to share learning of the experiences of external scrutiny across the national, regional and local levels of government. Following a successful bid for financial support from the Association of London Government we have been able to open the event to Councillors and officers from across London. In recognition of our location we have also invited colleagues from neighbouring counties. We are delighted that the Leader of the Council will be opening the conference and welcoming colleagues to the Borough. We are sure that this successful event will raise the profile of Hillingdon.

Next report

12. In our second report we hope to report back on our conference, along with the outcomes from our themed meetings on the voluntary sector and local NHS organisations. Our first report concludes with a report on Hillingdon PCT's financial deficit and recovery plan – an issue likely to impact on both local people and the Council.

Work Programme 2006/7

Meeting Date	Agenda Item
<p>20th June 2006</p> <p>Theme:</p> <p>Work Programme Planning</p>	<p>Overview of new structures, the Committee's terms of reference and relationship with the Social Services, Health & Housing POC</p> <hr/> <p>Agree work programme and identify topics for review</p> <hr/> <p>Matters arising from 2005/6:</p> <ul style="list-style-type: none"> • Hillingdon PCT's financial position, including: NHS response to O&S review into deficit • Single Strategic Health Authority for London
<p>20th July 2006</p> <p>Themes:</p> <p>Burns & Plastics at Mount Vernon</p> <p>Hillingdon PCT's Recovery Plan</p>	<p>Scrutiny and consultation over the proposal to transfer burns and plastics in-patient activity from Mount Vernon to the Royal Free in Hampstead</p> <p>Detailed scrutiny of the PCT's revised recovery plan</p>
<p>26th September 2006</p> <p>Theme:</p> <p>Voluntary Sector</p>	<p>Challenges facing health & social care voluntary sector groups in Hillingdon – including the impact of the PCT's financial recovery plan</p>
<p>5th October 2006</p> <p>Theme:</p> <p>Mental Health Services</p>	<p>Overview of mental health services in Hillingdon and Central & North West London Mental Health Trust foundation trust application</p>
<p>20th October 2006</p> <p>Theme:</p> <p>External Scrutiny Conference</p>	<p>Conference</p> <p><i>'Improving Local Services: The Role of External Scrutiny'</i></p>

<p>21st November 2006</p> <p>Theme:</p> <p>NHS Scrutiny</p>	<p>Performance updates and update on significant issues:</p> <ul style="list-style-type: none"> • Hillingdon PCT (inc financial position & Practice-Based Commissioning) • Hillingdon Hospital (inc redevelopment) • London Ambulance Service
<p>30th January 2007</p> <p>Theme:</p> <p>Safer Neighbourhood Teams</p>	<p>Roll out of Safer Neighbourhood Teams – aims and objectives; challenges and issues</p>
<p>6th March 2007</p> <p>Theme:</p> <p>Healthcare Commission Annual Health Check</p>	<p>Annual Health Check Declarations:</p> <ul style="list-style-type: none"> • Hillingdon PCT • Hillingdon Hospital • Royal Brompton & Harefield • Central & North West London Mental Health Trust
<p>24th April 2007</p> <p>Theme:</p> <p>Community Cohesion</p>	<p>Review of community cohesion and the work undertaken by the Council and partners on this issue (see Council motion passed on 29th June 2006).</p>

External Services Scrutiny Committee:
Hillingdon Primary Care Trust's Financial Deficit

Summary

1. We used our first substantive meeting on the 20th July 2006 to examine Hillingdon Primary Care Trust's (PCT) financial deficit. We heard from:
 - Ian Ayres - Hillingdon PCT Chief Executive
 - Stephen Meechan - Hillingdon Hospital's Director of Strategy and Information
 - John Doran - Hillingdon Council Social Services' Head of Performance, Finance & Commissioning

Mike Whitlam and Tony Valentine, Chairs of Hillingdon PCT and Hospital respectively, also attended.

2. Following consideration of the evidence provided at the meeting we make the following recommendation:

That Cabinet notes our serious concerns about the impact of the PCT's recovery plan in 2006/7 and that this impact may increase in future years.

3. **In addition we ask that the PCT fully involves key stakeholders (Hillingdon Hospital, GPs and Social Services) in developing proposals for financial recovery from the outset; and that the PCT keeps the External Services Scrutiny Committee fully informed in line with the requirements of the Health & Social Care Act 2001.**

Background

1. Hillingdon Primary Care Trust's financial position is an issue familiar to Members who served on the old Health & Social Care Overview & Scrutiny Committee. This meeting sought to follow the successful scrutiny underpinning the interim and final reports issued by that Committee.
2. Ian Ayres outlined the scale of the problems facing the PCT. He said the fact that the PCT was now on its fourth Chief Executive and third recovery plan in a year demonstrated that the PCT had deep organisational problems. We heard that the PCT has been spending £25 million more each year than its budget allows; ie the PCT has been spending £11 for every £10 it receives.
3. The PCT began the 2006/7 financial year with an accrued deficit of over £40 million. This has accumulated over the last four years and includes penalties incurred from being overspent.

The third recovery plan

4. The PCT Board agreed a new recovery plan at their meeting on 20th June; the third to come before Hillingdon health scrutiny.
5. The recovery plan seeks to return the PCT to in-month financial balance (i.e. monthly spending is equal to monthly income) by March 2007. This target will require £14 million of savings to be made during the current financial year. It will still leave the PCT with a £11 million overspend for 2006/7.
6. We were concerned about how such large savings can be achieved and asked for information on how they will affect the services provided to Hillingdon residents. Ian Ayres told us there is not one single overspending service or area on which expenditure can be cut back. We heard that the PCT is spending 'a little bit too much on everything' and therefore expenditure will be cut across the organisation.
7. Members of the old Health & Social Care Overview & Scrutiny Committee advised us of their concerns on how the deficit was able to accumulate to such a level. We therefore welcomed Ian Ayres' honest assessment of the factors contributing to the PCT's current problems, most notably the flaws in the organisation's governance structures and processes. We therefore welcomed the opportunity to hear of the reforms initiated by the current Chief Executive.
8. The PCT Board and senior management has undergone significant change, including the appointment of a new Chair, a new Associate Non-Executive Director with commercial experience, a new interim Director of Finance and new interim Director of Commissioning. The PCT's management accounting processes are being redesigned following a review by PricewaterhouseCoopers; we understand this will lead to far quicker production of financial reports.

9. In summary, the PCT are seeking to achieve the £14 million savings required in this year through:
- Reducing acute activity at hospitals (proposed £10.8 million of savings – 8% of 2006/7 spend in this area)
 - Improving purchasing of placements (proposed £2 million of savings - 10% of 2006/7 spend in this area)
 - Improving purchasing of mental health services (proposed £1.5 million of savings – 8.8% of 2006/7 spend in this area)

Reducing hospital activity

10. Like the preceding recovery plan, the current recovery plan seeks to achieve significant savings through reducing the level of hospital activity, in particular at Hillingdon Hospital.
11. However, while earlier recovery plans used the PCT's provider services, such as community nursing, as a means of making savings, the current recovery plan seeks to use the PCT's provider services to reduce hospital admissions (where bigger savings are to be made). In particular, the recovery plan centres on the introduction of a comprehensive 24 hour rapid response service, in which the PCT's staff will provide an alternative service to prevent the need for emergency hospital admission. Ian Ayres advised that he believed between fifty and seventy percent of people treated at Accident & Emergency could be treated in the (lower cost) primary care setting without the need to attend hospital.
12. Furthermore, Ian Ayres advised the Committee that approximately 20% of Hillingdon patients account for 80% of hospital activity; more effective management of these patients' needs will financially benefit the PCT. We heard that the PCT is introducing a case management approach for those people at high risk of hospital admission; personalised care plans will aim to reduce hospital admissions. This will have a significant financial benefit if successful.
13. Given this proposed central role for the PCT's provider services, we were therefore highly concerned to hear about the large number of vacancies accrued during the PCT's previous cost-saving exercise in 2005/6. Just under 90 Whole Time Equivalent (WTE) jobs in provider services were lost in 2005/6, including almost 21 WTE Community Specialist staff and 22 WTE District Nurses. It is these types of jobs that are now central to the third attempt at financial recovery.
14. We were concerned to hear Ian Ayres' view that the level of vacancies approached 'dangerous' when he arrived. However, we were pleased to hear that funding has now been released to fill these posts.

Stakeholder cooperation in implementing the recovery plan

15. The recovery plan identifies significant risks to its successful implementation, most notably a failure to secure the cooperation of key partners such as Hillingdon Hospital and GPs. The Council's Social Services department is also closely affected by the PCT's recovery plan.
16. Ian Ayres advised us that the PCT's relationships with stakeholders have considerably improved since he joined the organisation four months ago, and that GPs, essential for successful implementation of the recovery plan, are increasingly engaged. We heard that the Professional Executive Committee (the body representing GPs at the PCT) is weak and needs to be examined – particularly in the context of the forthcoming Practice Based Commissioning.
17. We heard a similar story of improving relations in regard to the Council's Social Services. Social Services officers appreciate that the PCT now have a Chief Executive who acknowledges the internal problems facing the PCT and is taking action to address these. We heard that there are still concerns about the ability of the PCT to actively engage in partnership working with the Council. Ian Ayres advised us that this stems from the pressures facing interim senior management at the PCT and the situation should improve in due course.
18. Ian Ayres advised the Committee that he was still unsure of all the activity that the PCT currently jointly commissioned with the Council. In particular, Ian Ayres was unsure of all the joint activity the PCT were paying for and work was underway to map this.
19. Perhaps the greatest stakeholder in the PCT's financial position is Hillingdon Hospital. The hospital trust is central to the PCT's financial position. The recovery plan requires the hospital to work towards a reduction in admissions and therefore its income. The recovery plan states that if its aims are successful then the PCT 'will be putting pressure on THH [Hillingdon Hospital] to close wards and will be looking for Strategic Health Authority support in this effort'. The recovery plan is premised on demand management processes preventing Hospital admissions. However, we note that the recovery plan also acknowledges the rise in emergency admissions, and that this is expected to continue.
20. The PCT currently provides approximately £1 million of funding to voluntary and community groups in Hillingdon. We heard that the PCT are currently reviewing this funding – known as the Partnership Fund – with a view to ceasing some grants for 2007/8. The PCT have generated savings of approximately £100,000 from this funding for the current financial year. We will examine this issue in further detail at our September meeting on the voluntary sector.

Our concerns and comments

21. We have three main areas of concern:

- i.) Whether the plan can succeed
- ii.) The impact on the proposals for redeveloping Hillingdon Hospital
- iii.) The need for continued communication

Challenges facing the plan

22. This is the third recovery plan before Hillingdon health scrutiny Councillors in the last year. It is perhaps therefore inevitable that we are concerned about whether the plan can be implemented – in particular the proposed reduction in hospital activity – and the impact of the plan on Hillingdon residents. We note the reassurances of Ian Ayres that he believes the task to be possible and that similar plans regarding rapid response centres have been successfully implemented elsewhere. We welcome the reforms to strengthen the PCT's internal structure since the previous recovery attempts.
23. However, reducing hospital admissions is a big challenge and requires a reversal of trends acknowledged in the PCT's own recovery plan. We remain concerned about whether the necessary partnerships will develop which enable such a challenge to be met.
24. We feel that the plans for a 24/7 rapid response service are likely to place an additional burden on local GPs, some of whom will be required to provide a service at weekends and evenings. In relation to this, we note Ian Ayres' reassurances that the PCT are currently examining options for 'out of hours' GP access and the Local Medical Committee (the statutory professional organisation elected to represent all GPs to Primary Care Trusts) is being engaged in these discussions.
25. The recovery plan can only be implemented with the full cooperation and support of the PCT's partners. Some of the actions in the recovery plan are likely to have an impact on the finances of these partners. Indeed, Stephen Meehan told us that the plan appears to provide for a 28% reduction in activity at acute hospitals, the majority of which is at Hillingdon Hospital. Likewise the PCT are closely examining their care responsibilities, which may lead to an additional burden for Social Services. We are pleased to hear from both Hillingdon Hospital and Social Services that communication with the PCT has improved. However we were concerned to hear that Social Services were not involved in the development of the recovery plan. We are also pleased that Hillingdon Hospital feel consultation has improved, although we note that they feel there is still room for improvement. We believe it is essential that the PCT actively involves the Hospital and Social Services - at an early stage - over the proposals for financial recovery.

Hillingdon Hospital redevelopment

26. We were concerned to hear that the prospects for a redeveloped Hillingdon Hospital have become tied to the PCT's financial recovery. Hillingdon Councillors have long supported the need for a redeveloped hospital given that much of the current building is in a very poor state. We were therefore pleased to hear Ian Ayres tell us that he is 'wholly supportive' of redevelopment. However, we are concerned to hear that this support may be qualified until the PCT returns to financial balance, especially given that the PCT's timeframe for achieving this is not immediate, while the need for a new hospital is.
27. Hillingdon Hospital and Hillingdon PCT jointly presented the redevelopment proposals to the old Health & Social Care Overview & Scrutiny Committee and we would hope that this united approach remains. We agree with Ian Ayres that any redevelopment must be sustainable and take into account future activity levels in the context of a shift to greater treatment in the community setting. However, we note Stephen Meechan's advice that under Payment by Results, the PCT will have to pay the same amount for each treatment regardless of whether this is undertaken in an old or new hospital. We understand that the risk in terms of financing the redevelopment will be on Hillingdon Hospital and not the PCT under the scheme of Payment by Results. However, in reality, any such risks eventually fall on the taxpayer. We are also concerned that the reduction in Hillingdon Hospital activity will affect the business case for the rebuilding – the Hospital will receive less income than previously presumed – and HM Treasury may be concerned about the Hospital's ability to meet the long-term funding costs.

Communication

28. Finally, we understand that the third recovery plan is only in its early stages. Some of the proposed savings are being re-evaluated and new actions may emerge. We heard that the savings likely to be proposed for 2007/8 may have a greater impact on services than those for the current year. We therefore welcome Ian Ayres' offer of presenting to the Committee both the latest recovery plan and also the proposals regarding the PCT's property portfolio. Given the potential impact on local health services we look forward to regular updates on savings proposals – at an early stage – in accordance with the requirements of the Health & Social Care Act 2001.

Comments from the Social Services, Health & Housing Policy Overview Committee

29. The Social Services, Health & Housing Policy Overview Committee (POC) are responsible for reviewing health promotion work by the Council and partners. As such they have a close interest in the PCT's financial deficit.
30. At their July meeting the Policy Overview Committee received a briefing from Dr Hilary Pickles, Hillingdon PCT's Director of Public Health, about the health promotion activities underway in Hillingdon. Members of both Committees share a firm belief in

the importance of this health promotion activity. Money spent promoting healthy lifestyles now can lead to significant financial savings in later years.

31. However, this long-term impact can lead to health promotion expenditure suffering as a result of the immediate need to achieve financial balance. In particular, we note that Hillingdon PCT, like many other PCTs, is diverting the 'Choosing Health' money allocated for health promotion towards the general effort to reduce the budget deficit. We acknowledge that Hillingdon PCT is facing difficult decisions as it seeks to return to financial balance, but Members of both Committees would ask that full consideration is given to the long-term potential of health promotion expenditure to realise significant savings for the PCT when decisions over financial allocations are made.

Conclusion

32. Returning Hillingdon PCT to financial balance is a difficult task; one that can only be achieved if key stakeholders are actively engaged and kept informed at an early stage. We urge all partners to cooperate in the interests of Hillingdon residents, although we are clear that this cooperation relies upon an open, and early, flow of information across organisational boundaries.

Recommendations

33. Following consideration of the evidence provided at the meeting we make the following recommendation:

That Cabinet notes our serious concerns about the impact of the PCT's recovery plan in 2006/7 and that this impact may increase in future years.

In addition we ask that the PCT fully involves key stakeholders (Hillingdon Hospital, GPs and Social Services) in developing proposals for financial recovery from the outset; and that the PCT keeps the External Services Scrutiny Committee fully informed in line with Section 11 of the Health & Social Care Act 2001.