

AGENDA MANAGEMENT SHEET

Name of Committee

Council

Date of Committee

21 February 2006

Report Title

NHS Consultations

Summary

This report outlines the current NHS consultations and the themes the Council may wish to consider in preparing its responses.

For further information please contact:

Jim Graham
Chief Executive

Janet Purcell
Member Services
Manager

Tel: 01926 412000

Tel 01926 412320
janetpurcell@warwickshire.gov.uk

Would the recommended decision be contrary to the Budget and Policy Framework?

No.

Background papers

Report and minutes of Council 13 December 2005

There are are a number of NHS documents, some of which are referred to in this report.

CONSULTATION ALREADY UNDERTAKEN:

Details to be specified

Other Committees

Local Member(s)

Other Elected Members Group Leaders and Deputies

Cabinet Member

Chief Executive

Legal

Finance

Other Chief Officers

District Councils

Health Authority

Police

Other Bodies/Individuals

FINAL DECISION NO

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by this Committee

To Council 14 March 2006.....

To Cabinet

To an O & S Committee Health Overview and Scrutiny Committee
.....

To an Area Committee

Further Consultation

Council - 21 February 2006.

NHS Changes

Report of the Chief Executive

Recommendation

That the Council considers the issues raised in the consultations and identifies those points that it wishes to be included in formal responses to the consultations.

1.0 Background

- 1.1 The Council considered a report at its meeting on 13 December that outlined the forthcoming NHS consultations and proposed that a report be brought back to this meeting to enable the Council to consider its responses to the consultations. Since that meeting, the Health Overview and Scrutiny Committee has received presentations from colleagues in the NHS and both that Committee and the Area Committees have considered a report regarding configuration of the Ambulance Service. The Leaders Liaison Group and a representative from each of the Groups have also given some thought to the general issues, recognising that the Council is a key partner in promoting health improvements, reducing health inequalities and in promoting the well being of people in Warwickshire.
- 1.2 Members will be aware that there has been a lot of documentation issued by the NHS, nationally and locally, and some shifting of timescales given to consultations. This report is produced against this background and seeks to set out both the framework for health reform and longer-term objectives, as well as the themes in the current NHS consultations within the region and how these may impact on Warwickshire.
- 1.3 It is important to note that the white paper "*Our health, our care, our say: a new direction for community services*" has recently been published which concerns the reform of health and social care and there will be a need for future discussion with health colleagues on how to deliver the objectives in the paper. (A briefing on the white paper will be provided for members as soon as possible).

2.0 National Context

2.1 The Government's agenda for public service reform is based on four key principles:

- standards and accountability
- devolution and delegation
- flexibility and incentives
- expanding Choice

The purpose is to ensure public services are designed and delivered around the needs of individuals.

2.2 Health reform is firmly located within the framework of wider public service reform and has gained considerable momentum over the last year. *"Health Reform in England: Update and next steps"* published in December 2005 describes the elements of reforms to the healthcare system and how they are expected to interact. The aim is to deliver better patient services, better value and to create a basis for taking forward the implementation and further development of reforms.

The overall framework for health reform is set out in diagrammatic form as **Appendix A**. The Framework and policies to deliver government aims is set out in **Appendix B**.

2.3 In January 2006 the Department of Health issued *"The NHS in England: the operating framework for 2006/07"*. This set out for all NHS Chief Executives the business and financial arrangements for the NHS for 2006/07. It describes:

- the delivery priorities
- the payment by results and tariff details
- expectations on the development of choice, commissioning and practice based commissioning

The aim is to give the reconfigured strategic health authorities the influence to ensure local implementation of the guidance. It will inform local delivery plans to be developed by PCTs.

3.0 Creating a Patient Led NHS

3.1 Key Aims

The reform of patient services was set out last March in the Department of Health's *"Creating a Patient Led NHS – Delivering the NHS Improvement Plan"*. This contains the cornerstone themes of improving quality, ensuring value and the creation of a patient led organisation responsive to patient needs, preferences and levels of satisfaction.

Key aims are around patients having more choice, experienced personalised care, enhanced control and more information to help make choices, underpinned by stronger standards and safeguards.

The current consultations flow from “*Commissioning for a Patient Led NHS*” issued in July 2005. This aims to secure a better organisational match to the things that needed to be done in terms of commissioning and choice to secure..

“ ... a fit for purpose health system with an effective and objective commissioning function able to deliver high quality care and value for money alongside the improvement of health promotion and protection.”

Time frames for change were proposed although these have been modified subsequently to provide for more time to consider and effect eventual change.

3.2 Primary Care Trusts

Eight criteria for assessing PCT fitness for purpose are set out in the paper. These are their ability to:

- secure high quality, safe services
- improve health and reduce inequalities
- improve the engagement of GPs and delivery of Practice based commissioning;
- improve public involvement
- improve commissioning and effective use of resources
- manage financial balance and risk
- improve co-ordination with social services through congruence of respective geographical boundaries
- deliver at least 15% reduction in management and administrative costs

Proposals have also been put forward on future arrangements of services directly provided by the new primary care trusts. The aim is to underpin choice through a degree of increased range of providers within community based services. This aspect is linked to the White Paper “*Our health, our care, our say: a new direction for community services*” published in January.

The proposed functions of the new PCTs are set out in the consultation documents. They closely follow the fitness for purpose criteria and are framed around:

- improving and protecting health
- assessing need and robust public health systems
- effective commissioning to secure quality, choice and value
- reduction of health inequalities
- developing and sustaining strong relationships with GPs
- implementation of practice based commissioning
- partnership working with Councils and integrated commissioning of health and social care

- involvement of health professionals in improving health of populations
- stimulation of a range of providers of professional services
- clinical leadership in a system of diverse providers
- community involvement and engagement
- provision of services responsive to local needs.

3.3 Strategic Health Authorities

The paper “*Commissioning for a Patient Led NHS*” referred to the reconfiguration of strategic health authorities so that they are more closely aligned, where appropriate, to Government Office boundaries. The paper also outlined a shift in focus for the StHAs. The criteria for the reconfigured StHAs are set out in the consultation documents and reflect the new roles. These are, in summary, to:

- maintain a strategic overview of the NHS and needs
- improve and protect health through robust public health service delivery
- provide leadership and performance management for the effective delivery of government policy
- provide leadership for engagement of health interests through strategic partnerships with regional and local government bodies
- build strong commissioning processes
- develop service and manpower strategies
- exercise oversight of major investment or service reconfigurations
- take forward move of NHS Trusts to Foundation Trust status
- work with regulators to develop the local health community and ensure choice and plurality of provision
- work with regulators to manage the consequences of clinical performance failures and patient safety breaches
- promote better health and recognition of the NHS contribution to the wider economy
- lead the NHS on emergency and resilience planning and management
- inform and support health policy development
- improve research and development
- provide an effective communication link for the Department of Health

The StHAs are also expected to secure a significant reduction in management costs so as to contribute to the Government’s savings target.

3.4 Ambulance Trusts

On 30 June 2005 the Department of Health published “*Taking Healthcare to the Patient*” This report set out conclusions of a national strategic review of ambulance services. This proposed, amongst other things, a 50% reduction in the number of ambulance trusts. It also signalled an eventual move to Foundation status.

The current national consultation paper outlines proposals for taking changes forward. The importance of ambulance services to people and patients is acknowledged. The document argues that in order to support improvements to patient care, the way that ambulance trusts are structured and managed needs to change.

The changes to ambulance trusts that are proposed are said to be helpful for the delivery of better, more responsive, more efficient services that people are entitled to expect and savings for re-investment in front line services.

4.0 Consultation programme

4.1 Current consultations

The West Midlands Consultation Office has issued three formal consultations as part of the from the *“Commissioning a Patient Led NHS.”*

These are on:

- Primary Care Trust Reconfiguration. (see paragraph 4.6 below)
- Ambulance Service Configuration (see paragraph 4.8 below)
- Strategic Health Authority Configuration (see paragraph 4.7 below).

Representatives from the Strategic Health Authority and local NHS bodies will be attending this meeting as part of the formal consultation with the Council. The Health Overview and Scrutiny Committee (which includes representatives from the district and borough councils) is also entitled to formal consultation where substantial changes are proposed and received presentations from the Strategic Health Authority at a meeting on 18 January. The Council’s Area Committees have also considered the proposed change to the Ambulance Service.

4.2 Proposal for a Mental Health, Learning Disability and Substance Misuse Trust

In addition to the above consultations, a further consultation period on a proposal to establish a specialist Mental Health, Learning Disability and Substance Misuse Trust for Coventry and Warwickshire has also been issued. This consultation commenced on 3 February 2006 and closes on 28 April 2006. The proposals are concerned with changes to the management of specialist healthcare provider services. They are, therefore, rather different (but no less important) in nature and can be considered separately before the end of the consultation period. The Health Overview and Scrutiny Committee will be looking at the implications as part of their review of mental health services in Warwickshire but the County Council will also need to consider the proposals, in particular the implications of placing learning disabilities with mental health and the separating of mental health provision for the elderly from other health provision and how this fits with the Council’s objectives to ensure an integrated and comprehensive approach to services for older people.

4.3 Coventry and Warwickshire Acute Services Review

The StHA has commissioned the PCTs across Coventry and Warwickshire to undertake a review of acute services across the region. This is in response to the drive to make acute trusts more patient focuses, providing higher quality care but also being sustainable and affordable. It is expected that there will be consultation from the end of March lasting for twelve weeks. The Project Director would be able to give a presentation to the meeting of Council on 14 March 2006.

4.4 University Hospitals Coventry and Warwickshire NHS Trust application for Foundation Status

Also consistent with the Health Reform programme, is a consultation that is expected to commence shortly on an application by the University Hospitals Coventry and Warwickshire NHS Trust to move to Foundation Hospital Trust status. The Health and Social Care Act 2003 established NHS foundation trusts as part of the NHS reform programme. The foundation trusts are part of the NHS, subject to NHS systems of inspection and will treat NHS patients according to NHS principles and standards but are controlled and run locally, not nationally. As such they recruit and employ their own staff and have increased financial freedoms and can retain any operating surpluses and access a wider range of options for capital funding to invest in delivery of new services.

Local accountability is provided through the governance arrangements, which has three components:

- 'membership community' of local people, patients and staff
- a board of governors (including representatives from the membership community, pcts and local authorities)
- a board of directors (Chair, non-executive directors appointed by the governors, a chief executive and other executive directors).

4.5 General Issues for Discussion

The programme of reform is considerable and the programme within "*Commissioning a Patient Led NHS*" has been the subject of much debate. The House of Commons Health Select Committee in its recent report reflected concerns around the pace of change.

There are also concerns regarding:

- the capacity to deliver robust commissioning and the impact of reconfiguration on this capacity.

- placing organisational change ahead of the recently published White Paper on Health and Social Care *“Our Health, Our Care, our say: A new direction for community services”*
- the deliverability of the savings

To make the proposed changes a reality the new organisations must be fit for the purpose of managing local health economies, working in partnership with Councils on strategy and delivery and be accountable to local communities. The resource led nature of change leads to concerns that there will be adequate management capacity, partnership working and accountability.

The need to sustain progress on patient and public involvement and for a sharp focus on health improvement and reducing health inequalities are also issues that have been highlighted.

The consultations focus on boundaries rather than responsibilities. There will need to be assurances that the new organisations have the capacity to deliver what is expected of them: the ability to deliver better patient services and value and provide a basis for taking forward the implementation and further development of health reforms.

4.6 Primary Care Trust Reconfiguration

The preferred option is to merge the existing three PCTs in Warwickshire into one to create a new organisation. This organisation would be developed with a locality structure to retain the benefits achieved by PCTs working closely with primary care, other NHS organisations and district/borough councils. There are three other options available, which are:

- Merge North Warwickshire and Rugby PCT and maintain existing arrangements in South Warwickshire
- Merge the three PCTs in Warwickshire and join Coventry PCT to create a Coventry and Warwickshire PCT
- Create a Herefordshire, Worcestershire, Coventry and Warwickshire PCT

During the first year of operation the Local Delivery Plans of the existing PCTs would provide the budget framework for the new PCT. The local delivery plan for 2007/08 would be subject to consultation.

Local government is seeking coterminosity between the new PCTs and those local authorities that provide social services, thus simplifying working relationships between health and social services. A single PCT for Warwickshire would, therefore, be helpful as there would be a single coterminous health partner.

At the same time there are some concerns about the impact on action and resources to reduce health inequalities, especially in the northern part of the County. The focus of discussion on the creation of new PCTs has been on the commissioning of services rather than on the provision of services. For

example, how will those older people who are just frail (rather than requiring mental or other health intervention) have their needs met?

There is a need for health colleagues to be more explicit about the provision of services and to look at this issue now rather than focus solely on the commissioning aspects.

4.7 Strategic Health Authorities

The single option proposal is to combine three Strategic Health Authorities, which cover Shropshire and Staffordshire, Birmingham and The Black Country and West Midlands South to form one Strategic Health Authority covering the whole of the West Midlands. This would align the NHS with the West Midlands Health Protection Agency and the boundaries would largely match those of Government Offices for the Regions. The NHS considers that this would deliver a significant reduction in management and administrative costs.

The major organisational changes being proposed in the NHS (with reduced numbers of larger PCTs, and a smaller number of NHS Trusts as more gain Foundation Status) is seen as helping the StHAs to become more streamlined.

The alignment of boundaries would be helpful. It could be viewed as a return to previous arrangements when a single regional health authority covered the West Midlands. The consultation document, however, indicates that there would be a considerable reduction in resources available to the new StHA and the future use of these resources is not explicit.

Assurances might reasonably be sought that the reconfigured StHA will have the capacity and the capability to do all that will be asked of it when it comes into being; including effective partnership working with regional local government and with this Council.

4.8 Ambulance Trusts

The proposal is that the Coventry and Warwickshire Ambulance NHS Trust is combined with the West Midlands, Herefordshire & Worcestershire and Staffordshire Ambulance Trusts. This is the only option subject to consultation.

Concerns were raised at Health O & S Committee in January 2006 about keeping the existing control centres local. The StHA indicated that they supported the view that the control centres should remain local. However, since this meeting it has been revealed that the order for new digital radio systems has been cut from around 67 to 22. The Council's Area Committees have also had some discussion on this and their comments are summarised in **Appendix C**.

It is fair to say that this proposed change has become the most controversial of the three. Other Councils affected by these proposals have been contacted to see if a co-ordinated response might be possible. This has been difficult, partly because of the tight timetable for consultation and the ability to scope public opinion about whether organisational management changes may have an adverse or beneficial impact on local service delivery.

4.9 Impact on Partnership Working

The NHS cannot deliver its objectives without working together with councils and the same is true for councils in terms of their responsibilities and objectives. In the very short term there is a potential for disruption in relationships. If the changes are to lead to improvement in health and well-being, however, then the future arrangements for and commitment towards partnership working and the development of shared priorities will be essential.

The Council in December gave a commitment, as part of its modernisation agenda, to work with health partners and to look for opportunities for joint management arrangements.

At this stage it may be helpful to focus on:

- A shared vision for the future between the Council and the new PCT
- Full NHS engagement with formal partnerships and to develop these to deliver shared priorities.
- Strengthened community development and the linking of funding streams to achieved jointly agreed outcomes that embrace community well being.
- Action to address health inequalities and health improvement at neighbourhood or locality level by linking practice based commissioning, for example, to other service provision such as housing, social care and education.
- Joint delivery mechanisms with local government, for example, in the areas of public health and mental health

4.10 Wider Issues

There are some wider issues, including the need for:

- resources to develop, commission and work with a wider range of providers, with the potential to learn from the experience of social care in these areas; including likely benefits of joint commissioning.
- strong communication with communities on the rationale for change, the expected benefits and the outcomes that are expected to follow.
- ongoing scrutiny of change and its impacts on services and staff.
- medium term organisational stability and the importance of new organisations having the time to fulfil their potential.

- early exploration with health of opportunities for improved governance, with a focus on integration and joint working.

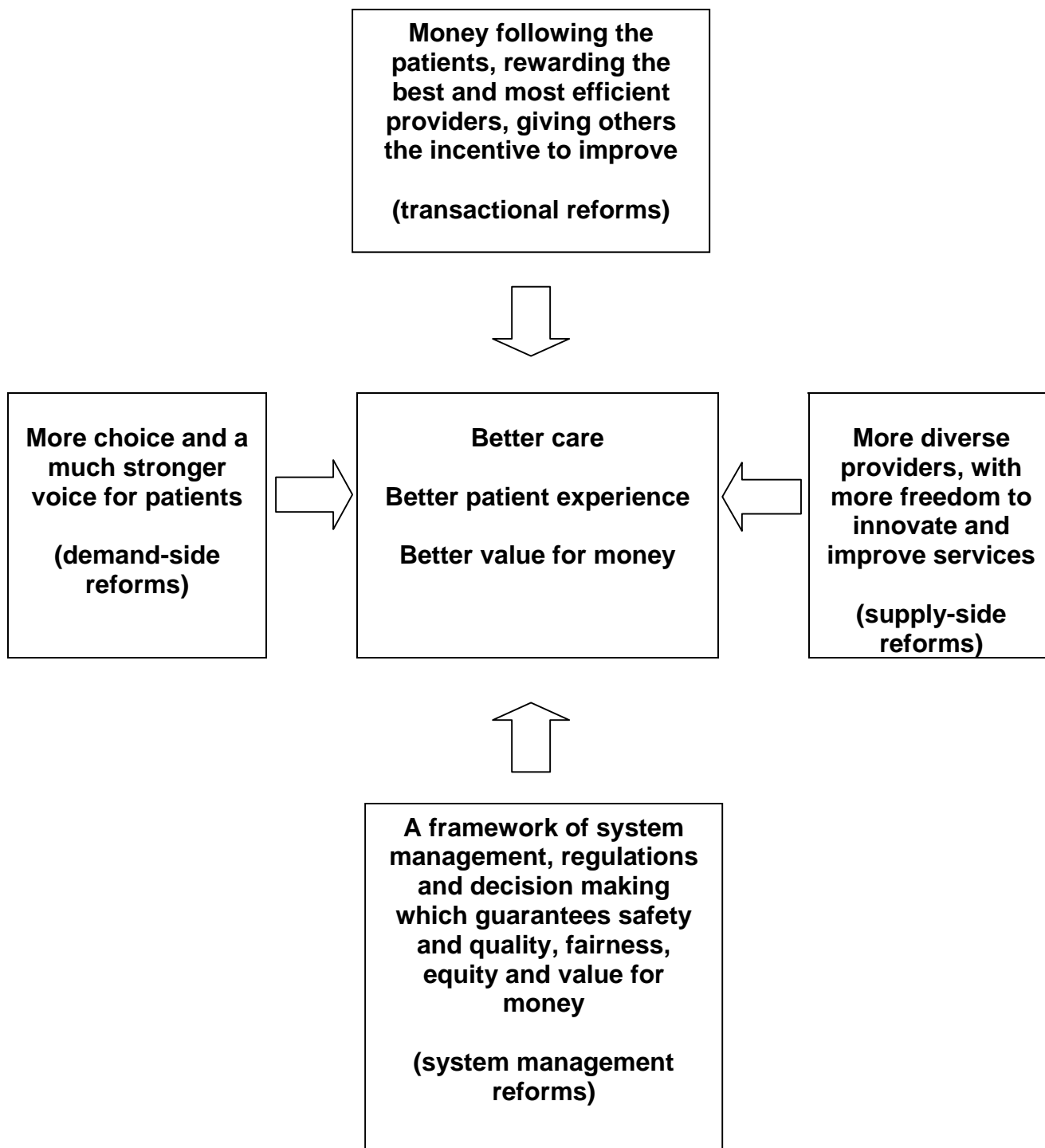
5.0 Conclusion

The Council's views are invited on the three current issues under consultation (copies of the consultation papers are available in the Group Rooms and Members Room and available on request from Janet Purcell, Member Services Manager, Tel 01926 412320 or e-mail janetpurcell @ warwickshire.gov.uk.). The Health Overview and Scrutiny Committee will also be considering these and it is envisaged that formal responses can be finalised at the Council meeting on 14 March 2006, in order to meet the deadline for closure of consultations on 22 March 2006.

The Health Overview and Scrutiny Committee has a specific role in scrutinising health proposals and substantial changes to services, but the County Council has a wider role in considering how it should be working with NHS partners in ensuring the delivery of its common objectives for improving the health and well-being of Warwickshire citizens. This will become increasingly important as the Council develops its Adult Services and, along with the NHS, responds to the goals set out in the white paper *"Our health, our care, our say: a new direction for community services."*

Jim Graham
Chief Executive
Shire Hall
Warwick
10 February 2006

FRAMEWORK FOR THE REFORMS



**HEALTH REFORM IN ENGLAND:
Update and next Steps [extract]**

<p>More Choice and a much stronger voice for patients [demand side reforms]</p>	<p>More diverse providers, with more freedom to innovate and improve services [supply side reforms]</p>	<p>Money following the patients, rewarding the best and most efficient providers, giving other the incentive to improve. [transaction reforms]</p>	<p>System Management, regulation and decision making to support safety and quality, fairness, equity and value for money. [system management reforms]</p>
<p>Aim:</p> <p>To create more knowledgeable, assertive and influential users of service</p>	<p>Aim:</p> <p>To create more flexible, responsive and innovative services.</p>	<p>Aim:</p> <p>To ensure that the impact of patients' choice is understood and that good provider response is rewarded.</p>	<p>Aim:</p> <p>To ensure safety and to safeguard core standards in all services and to provide a transparent, rules-based framework for key management and decision-making functions in a more dynamic system.</p>
<p>Policies:</p> <ul style="list-style-type: none"> ~ patient choice ~ the commissioning framework including practice based commissioning ~Commissioning a Patient led NHS ~ information for patients ~ public and patient involvement 	<p>Policies:</p> <ul style="list-style-type: none"> ~ NHS Foundation Trust status ~ a wider range of providers, including the independent [private and voluntary] sector ~ workforce reform 	<p>Policies:</p> <ul style="list-style-type: none"> ~ Payment by Results ~ management information 	<p>Policies:</p> <ul style="list-style-type: none"> ~ definition of new performance management and regulatory functions ~processes for ensuring quality, licensing providers and price setting, the competition policy and the performance and support regime. ~ wider review of regulation

Source: Annexe A, Health Reform In England: Update and next Steps [p17] DH December 2005.

Consultation on proposal that Coventry and Warwickshire Ambulance NHS Trust be combined with the West Midlands, Herefordshire & Worcestershire and Staffordshire Ambulance Trusts.

Comments from Warwickshire Area Committees

(1) North Warwickshire

During discussion Members made the following comments:

- The appraisal only presented one side of the argument, did not give other options and did not provide a sufficiently balanced picture to make a decision on.
- Members felt that while there were advantages within modernisation of strategic management structures, they would not support any decrease in the delivery of local service.
- Members agreed that there was a need to ensure that services were right for local people and remained at a high standard with accessibility for all, regardless of where they lived.

(2) Nuneaton and Bedworth

The Committee considered that it may, in time, support the proposal but would like to see an independent report on the consultation.

The following points were raised in the debate:

- That the appraisal only presented one side of the argument, did not give other options, or sufficient information to make a decision.
- That the appraisal, because it was presented by the current Chief Executive, gave a biased point of view.
- That information on the response to the London bombings by the London Ambulance Service would be valuable to gauge how well a larger organisation coped in a major emergency.

(3) Rugby

Members expressed opposition to the proposed reconfiguration of the Ambulance Trust, in particular, with regard to the need to protect the lives of the local community and to retain the three star service that already serves the Rugby area.

(5) Stratford

The Committee did not support the creation West Midlands Ambulance Service. 'The evidence from the creation of large Ambulance Trusts such areas as East Anglia and the East Midlands shows that the purported benefits from creating a large Ambulance Trust are unlikely to be achieved in practice and the anticipated saving of £3m per year is small when measured against risks of re-organisation that are required to achieve it'.

The Committee wishes to see the Coventry and Warwickshire Ambulance Trust retain its identity and continue to provide ambulance services in Warwickshire.

The following points were made:

- It was likely that only marginal savings would be achieved by the revised hierarchy of ambulance stations.
- The Warwickshire Ambulance Service was one of the top- performing services in the country and made efficient use of its resources.
- No business case has been presented.
- The Councils response should be robust in its opposition to the proposals.

(6) Warwick

Warwick Area Committee could see no good reason for changing a perfectly good ambulance service that serves Warwickshire people well and would not wish to see a structure that would denude and would not reinforce local responsiveness to patients and weaken not enhance the ability to respond to major incidents.