

26 August 2005

West Midlands South



Chief Executive's Office Strategic Health Authority

30 AUG 2005

Passed to:

Acknowledged:

Osprey House  
Albert Street  
Redditch  
B97 4DE

Dear Colleague,

The paper entitled "Commissioning a Patient Led NHS" published on 28 July 2005 by Sir Nigel Crisp, Chief Executive of the NHS directs the SHA to co-ordinate an exercise locally to ensure we have the right configuration for commissioning.

The Strategic Health Authority is required to submit a proposal, with stakeholder comments, to the Department of Health by October 15<sup>th</sup> at the latest. If the Department of Health approve our plans, then we will consult for 12 weeks on our proposals and we will formally seek your views as part of this process.

In considering arrangements for the current West Midlands South SHA a number of discussions have taken place with the local NHS. I have enclosed with this letter a paper outlining the options which have been raised in these discussions.

At this point in time we would welcome your views on:

- **The range of options we are currently consulting on**  
**Issues which you think we should consider when drawing up the final options**

If your comments are received by Friday 16<sup>th</sup> September they can be included in the SHA Board paper. Any comments received between 16<sup>th</sup> of September and the date of the Board meeting (28th September 2005) will be reported verbally.

Please make your comments to **Catherine Griffiths, Managing Director**

By letter:

West Midlands South Strategic Health Authority  
Osprey House  
Albert Street  
Redditch  
B97 4DE

By email:

[Catherine.griffiths@wmsha.nhs.uk](mailto:Catherine.griffiths@wmsha.nhs.uk)

Marked "responses to reconfiguration timetable paper"

Chief Executive's Office

30 AUG 2005

Passed to:

Acknowledged:

Yours sincerely

**David Nicholson CBE**  
**Chief Executive**



- Changes complete to PCT direct provision of services complete by December 08
- All management and administrative cost savings to be deployed in 2008/09

## **2. Organisational Reconfigurations Being Considered**

### **2.1 Strategic Health Authorities**

At present there are three SHAs which cover Shropshire and Staffordshire, Birmingham and The Black Country, and West Midlands South. *Commissioning a Patient Led NHS* makes it clear that there should be considerably less than the current number of SHAs, and that where sensible alignment with Government Office Regions should be considered. The 3 SHAs have a joint Chief Executive, David Nicholson, CBE, but retain 3 separate Boards. We are therefore considering consulting upon replacing the three SHAs with one Strategic Health Authority covering the whole of the West Midlands. This reflects the direction of *Commissioning a Patient Led NHS* and would align the NHS with the West Midlands Health Protection Agency. The reduction of three SHAs to one SHA covering the West Midlands would be able to deliver a significant reduction in management and administrative costs. Mutual aid and emergency planning arrangements are already based on the West Midlands area.

### **2.2 Ambulance Trusts**

The reform of the provision of ambulance services described in *Taking Health Care to the Patient* proposed a strengthening of ambulance services with an associated reduction of at least 50% in the number of ambulance trusts whilst broadening the range of services provided by ambulance services. In the West Midlands it is being considered that the current four ambulance services (Staffordshire; Coventry and Warwickshire; West Midlands and Shropshire; Hereford and Worcester) could be replaced by one ambulance service covering the whole of the West Midlands.

In this consideration it is felt that one ambulance Trust whilst allowing for management and administrative cost savings, would also allow for a broader range of management skills to be brought in to develop a range of new services and services divested from PCTs. The need to maintain several call centres and locality "footprints" and management arrangements are also considered important.

### **2.3 Primary Care Trust Configuration**

The general principle contained in *Creating a Patient Led NHS* and reinforced in *Commissioning a Patient Led NHS* was that PCTs should have a clear relationship with Local Authority Social Services boundaries. In considering arrangements for the current West Midlands South Strategic Health Authority (WMS SHA) a number of discussions have taken place with the local NHS. The options which have been raised in those discussions have been:

- #### **2.3.1 Merge Wyre Forest PCT and Redditch and Bromsgrove PCT and maintain existing arrangements in South Worcestershire to create a North Worcestershire PCT and South Worcestershire PCT and Merge North Warwickshire PCT and Rugby PCT and maintain existing arrangements in**

South Warwickshire PCT to create a North Warwickshire PCT and South Warwickshire PCT

Leave Hereford PCT as present and Coventry PCT as present.

This would create 6 PCTs, two of which would be coterminous with Local Authority and social service boundaries.

**2.3.2 Merge North Warwickshire PCT, Rugby PCT, South Warwickshire PCT and Coventry PCT to create a Coventry and Warwickshire PCT and Merge Wyre Forest PCT, Redditch and Bromsgrove PCT, South Worcestershire PCT and Hereford PCT to create a Herefordshire and Worcestershire PCT**

This would create 2 PCTs, neither of which would be directly coterminous with Local Authority and social service boundaries.

Merge all existing PCTs within Herefordshire, Worcestershire, Warwickshire and Coventry to create a single PCT. This option would not be directly coterminous with Local Authority and social service boundaries.

Merge Wyre Forest PCT, Redditch and Bromsgrove PCT and South Worcestershire PCT to create a Worcestershire PCT and Merge North Warwickshire PCT, Rugby PCT and South Warwickshire PCT to create a Warwickshire PCT

Leave Hereford PCT as present and Coventry PCT as present.

This would create 4 PCTs, all of which would be coterminous with Local Authority and social service boundaries.

**2.4 Services Managed and Provided by Primary Care Trusts**

As described in *Creating a Patient Led NHS*, PCT development is crucial to the change in the NHS moving from being provider driven to a commissioning driven service. As PCTs focus on promoting health and commissioning services they will appropriately reduce the size and number of services which they currently provide. Rather than directly providing services, arrangements will be made to secure services from a range of providers thereby bringing contestability to community based services, offering a wider variety of choices of services and responsiveness to patient needs. It should be noted that these arrangements being considered will take significant time to develop and will be refined and developed in line with the forthcoming White Paper on health and care services outside hospital which will consider a variety of local services and models of provision in response to patient need. We will not be consulting on the provision of PCT managed services in 2005, but thought you should be aware that this issue is on the horizon. .

In particular many of you will be aware of or have been involved in local discussions on the provision of mental health and learning disability services which are currently managed by PCTs. Mental Health and learning disability

service provision forms a significant element within a number of PCTs across the West Midlands. Decisions on proposals for Mental Health and learning disability service provision will require a wider strategic view across the West Midlands. The current reviews in Warwickshire and BBC will be assessed against the principles of *Commissioning a Patient-Led NHS*. In addition a review of the options for alternative providers of mental health services in all other PCTs will be undertaken.

More detail will be available later in the year and it is emphasised that these developments will take a longer time to plan and will take up to the latter part of 2008 to be implemented.

### **3. Management and Administrative Cost Savings**

The consequence of these changes being considered will bring about significant management and administrative cost savings.

In *Commissioning a Patient Led NHS* a commitment is given to, nationally, make £250 million savings for use by 2008 by front line services. The arrangements being considered and initially described in this paper are estimated to create a minimum of £7 million savings in WMS SHA as a result of:

Reductions in the number of Boards and Executive Teams and other fixed costs associated with merging Primary Care Trusts, Ambulance Trusts and Strategic Health Authorities

Reductions in management and administrative costs associated with new policies such as Payment by Results and the development of a range of shared services.

These planned savings will be realised throughout the period up to the end of the financial year 2007/08 thereby being available for reinvestment in service priorities in the financial year 2008/09. The planned savings will be realised broadly in line with the timetable set out above.

### **4. Next steps**

This paper has been sent to the following stakeholders:

- Local Authorities
- Overview and Scrutiny Committees
- Patient Forums
- NHS Acute Trusts
- PCTs
- Local Representative Committees
- MPs

The Strategic Health Authority is required to submit a proposal, with stakeholder comments, to the Department of Health by October 15<sup>th</sup> at the latest. If DoH approve our plans, then we will consult for 12 weeks on our proposals, and we will formally seek your views as part of this process. At this point in time we would welcome your views on:

- The range of options we are currently considering consulting on

- Issues which you think we should consider when drawing up the final options

Catherine Griffiths, Managing Director of the West Midlands South SHA, would welcome your comments by letter or email (see below) to help the Board to assess the proposals it has to make to the Department of Health.

The timetable for your comments is as follows:

If your comments are received by **Friday 16 September** they can be included in the SHA Board paper

- Any comments received from the 17 September until 28 September (the date of the Board meeting) will be reported verbally.

Please make your comments to Mrs Catherine Griffiths, Managing Director, West Midlands South Strategic Health Authority

**By letter:**

Osprey House  
Albert Street  
Redditch  
B97 4DE

**By email:**

[catherine.griffiths@wmsha.nhs.uk](mailto:catherine.griffiths@wmsha.nhs.uk) (marked responses to reconfiguration timetable paper'