

WELSH ASSEMBLY GOVERNMENT

**PROPOSALS TO CHANGE THE
STRUCTURE OF THE NHS IN
WALES**

CONSULTATION PAPER



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

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Audience: Local Health Boards, NHS Trusts, Local Authorities, Community Health Councils, County Voluntary Councils, Health Commission Wales, Members of the Public, and those individuals or organisations listed in the Distribution List attached at Annex E.

Overview: This document consults on proposals to change the structure of the NHS in Wales

Action required: Please respond by: 25th June 2008
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SUMMARY

This Consultation Paper invites comments on proposed changes to the NHS in Wales.

The areas for consultation include:

- (i) Abolishing the Internal Market in Wales, by providing funding from the Welsh Ministers or a National Board directly to NHS Trusts and Local Health Boards;
- (ii) Three options for establishing a National Health Service Board for Wales (the National Board); these are a Special Health Authority, a Civil Service Board, or an Advisory Board supporting an Assembly Government Chief Executive. The National Board/Chief Executive will have oversight of the whole NHS in Wales, and will be responsible for agreeing with NHS Trusts and Local Health Boards the work which is to be carried out by them, and the funding which is to be provided in order to allow that work to be carried out;
- (iii) A reduction from twenty-two (22) to eight (8) Local Health Boards in Wales (including Powys Local Health Board);
- (iv) Transferring the management and provision of Community Services from NHS Trusts to Local Health Boards;
- (v) The constitution and membership of the new Local Health Boards in Wales;
- (vi) The constitution and membership of NHS Trusts in Wales; and
- (vii) A possible revised model for providing shared services, such as procurement, certain legal services and estates advice across Wales.

Foreword by Mrs Edwina Hart AM MBE, Minister for Health and Social Services

The *One Wales*¹ document commits the Welsh Assembly Government to ‘...*move purposefully to end the internal market...*’, in order to improve services for patients. This Consultation Paper sets out practical proposals for putting this pledge into action. It is aimed at patients and the public, as well as professionals working within the NHS in Wales and other stakeholders. It focuses on the key decisions which have to be taken over the coming months, in order to place the NHS in Wales on its new footing.

Let me make two important points at the outset:

- Firstly, the proposals are designed to follow the changes already underway in the NHS in Wales. Over the past nine months, the pace of NHS Trust consolidation in Wales has gathered momentum, as organisations have come forward with their own proposals for merger in order to improve patient care. These include the merger of Pontypridd & Rhondda and North Glamorgan NHS Trusts to form Cwm Taf NHS Trust, the merger of Swansea and Bro Morgannwg NHS Trusts to form Abertawe Bro Morgannwg University NHS Trust, and the merger of Carmarthenshire, Ceredigion & Mid Wales and Pembrokeshire & Derwen NHS Trusts to form Hywel Dda NHS Trust. My aim is to work with this tide of evolutionary change already in the system, rather than to embark upon some radically new direction or reorganisation.
- Secondly, the end of the internal market in health is part of the wider Welsh Assembly Government determination to make co-operation, rather than competition, the bedrock of public service delivery in Wales. A re-invigorated public service ethos of partnership will be encouraged.

In the pages that follow, you will find key areas for consultation. In each, my suggested propositions are set out, and areas where I hope to have your views and suggestions are outlined. The main proposals for change are referred to in the Consultation Paper, with additional questions on these proposals provided in **Annex D**.

One Wales also commits the Welsh Assembly Government ‘...*to reinstate democratic engagement at the heart of the Welsh health service...*’. This consultation is part of that commitment, and I look forward to twelve weeks of vigorous debate, discussion and engagement in all parts of Wales.

¹ Welsh Assembly Government. *One Wales: A progressive agenda for the government of Wales*; June 2007

Because this paper is deliberately short, and aims to be accessible to the lay reader, the underlying detail has been brought together in a set of supporting papers covering:

- (i) Paper 1: The Removal of the Internal Market;
- (ii) Paper 2: The Proposed New Planning System;
- (iii) Paper 3: Governance in the Health System; and
- (iv) Paper 4: NHS Bodies and Organisations in Wales.

Any readers wishing to access these papers can find them at: www.wales.gov.uk/consultations, or can obtain copies from Sian-Marie James, Department for Health & Social Services, Cathays Park, Cardiff CF10 3NQ. (Tel: 02920 826747).

Inevitably, a number of very important technical issues lie behind the proposals set out here. A series of specific, technical consultation events will be held over the next 3 months, as part of the general consultation process, to ensure that participation will be possible for those who have a direct interest in shaping the detailed arrangements that will be needed to support our final proposals.

A more general consultation exercise will also be held with patient groups, local leaders, Community Health Councils and voluntary organisations to ensure that local interests are fully engaged in the process.

Following consideration of the responses to this Consultation Paper, and subject to the issues raised, there will be a further consultation on the proposed NHS structure and the composition of NHS Trusts and Local Health Boards, which will include consultation on any secondary legislation that would be required to implement any changes.

1. ***What does abolishing the Internal Market mean at national level?***

In Wales, health services are primarily provided through NHS bodies, namely Local Health Boards (known within the NHS as **Commissioners** of services), and NHS Trusts (known as **Providers** of services). Further detail on abolishing the Internal Market can be found in Paper 1: *The Removal of the Internal Market*, at www.wales.gov.uk/consultations.

There are **twenty-two (22) Local Health Boards (LHBs) in Wales**, and these are responsible for the health and well-being of people who are usually resident in their area. LHBs' areas are co-terminous with local authority boundaries; this means that for every local authority in Wales there is a LHB that is responsible for the health needs of the same population. The current configuration of LHBs can be seen on the map at **Annex A**.

Health Commission Wales (Specialist Services) (HCW) is an executive arm of the Welsh Assembly Government. HCW commissions specialist (tertiary) services on an all-Wales basis, and LHBs commission other secondary care (hospital) services and primary care services. LHBs are expected to work with HCW to ensure adequate provision of specialist services for their residents.

From the 1st April 2008, there are **ten (10) NHS Trusts in Wales**; eight providing both hospital and community health services, with Velindre NHS Trust providing specialist oncology services and a number of other services, and the Welsh Ambulance Services NHS Trust providing a clinical emergency and transport service. Most of the secondary and community health services commissioned by LHBs are provided by NHS Trusts at a number of hospital sites and within the community across Wales. The current configuration of NHS Trusts can be seen on the map at **Annex B**.

Fundamental to abolishing the internal market must be a new way of planning and funding our health services. What is proposed in the future, is that funding for NHS Trust services will no longer flow through LHBs, as 'purchasers' of (secondary) hospital and community services. It is proposed that funding will go either directly from the Welsh Assembly Government to NHS Trusts, or via a separately constituted National Board. This funding will be provided within a framework that ensures a fair allocation of NHS resources, reflecting different health needs, and our commitment to reduce inequality in Wales.

In order to make that happen, it is proposed that a National Health Service Board for Wales (the National Board), with its own Chief Executive, would need to be established.

The National Health Service Board for Wales (the National Board)

There are three options which might be adopted as a model for the National Board:

- (i) Special Health Authority – this would be a body corporate directly accountable to Welsh Ministers. It would employ its own staff and would be constituted in a similar way as LHBs and NHS Trusts, in that it would have a Chair and officer and non-officer members;
- (ii) Welsh Assembly Government Board with Chief Executive and civil service board - an executive arm of the Welsh Assembly Government with no separate legal identity. All staff would be civil servants who act on behalf of Welsh Ministers, with an appointed Chief Executive;
- (iii) Civil Service Chief Executive with Advisory Board – the Chief Executive would be responsible for discharging the Welsh Minister's functions, but in this case would be supported by an Advisory Board made up of non-civil servants.

The National Board would have oversight of the whole of the NHS in Wales. In accordance with the first two options, it would be responsible for agreeing with NHS Trusts and LHBs the work which is to be carried out by them, and the funding which is to be provided in order to allow that work to be carried out. The planning process would need to be sensitive to local needs, drawing on information generated by the Health, Social Care and Well-being Strategies developed between LHBs and local authorities. Further details on the planning system can be found in Paper 2: *Proposed New Planning System* on www.wales.gov.uk/consultations.

It is envisaged that the National Board and its Chief Executive would be responsible to Welsh Ministers for planning the shape, and quality of services to be delivered, and for monitoring the new organisations; that is to say, they will ensure that NHS Trusts and LHBs deliver the required services to the required quality standards for patients.

If the third option was adopted, the National Board would have the role of advising the Chief Executive and Welsh Ministers on planning the shape and quality of the services and funding issues. However, ultimate responsibility for planning and funding services would remain with the Chief Executive and Welsh Ministers.

As well as funding and planning services for NHS bodies in Wales, it is proposed that the National Board, or, in the case of the third option, the Chief Executive, would be responsible for planning:

- (i) Services provided in England through block contracts;
- (ii) Contracts for individual patient care; and
- (iii) Services from non-NHS providers, such as with the voluntary sector and NHS nursing within private nursing homes.

Against this background, there are a number of important issues about the National Board on which this Consultation Paper seeks your views:

- (i) Should we have one National Board responsible for (or advising on) funding and planning services for LHBs and NHS Trusts?**

- (ii) Should that National Board be a Special Health Authority (Option 1), an arm of the Welsh Assembly Government (Option 2), or an Advisory Board (Option 3)?**

Governance in the Health System

Establishing a new National Board means that the governance and accountability arrangements for specific NHS bodies need to be re-thought, to ensure that the governance of the whole system is robust. Further details on governance arrangements can be found in Paper 3: *Governance in the Health System* at www.wales.gov.uk/consultations.

With fewer organisations, patient and public engagement will have to be secured in new ways:

- (i) How can we best ensure that the governance arrangements of the new bodies ensure that the views of local populations might be reflected appropriately, and make the voice of the user heard in the National Board deliberations and decision-making?**

Consideration also needs to be given to the relationship between the National Board and a number of organisations that deal with NHS bodies, such as Community Health Councils, Local Authorities, and Healthcare Inspectorate Wales:

- (i) How should Community Health Councils, Local Authorities and Healthcare Inspectorate Wales work with the National Board?**

Specialised Services

The creation of a National Board will have direct implications for the way in which specialised services are planned and provided for Welsh patients. In tandem with these proposals, and to inform any conclusions reached, a separate detailed review of HCW is currently being conducted by Professor Mansel Aylward CB.

2. What proposals are there for Local Health Boards?

It is proposed that LHBs will become the key vehicles for the development and increasingly the delivery of primary and potentially other community based health services. It is proposed that LHBs will either receive the funding for these services from the National Board, or from the Welsh Ministers, depending on the options outlined in 1 above.

LHBs will retain a clear leadership role and responsibility for local needs assessment, service change, and leading local planning with NHS Trusts and Local Government. LHBs will work within a revised planning system for the NHS in Wales that will replace the existing commissioning framework. Further details on the proposed future planning structure can be found in Paper 2: *Proposed New Planning System* at www.wales.gov.uk/consultations.

Many individual patients who require treatment in hospital will also need services before admission and after discharge. In order to bring these two aspects closely into line with one another, it is proposed that there will be **seven (7) Local Health Boards** whose boundaries align with the groupings of Local Authorities in Wales as well as the seven NHS Trusts as referred to in the next section, together with Powys Local Health Board. Therefore, it is proposed that there will be in total **eight (8) Local Health Boards in Wales**. The proposed configuration of LHBs can be seen in bold on the map at **Annex A**.

Following the review of the arrangements for clinical governance and patient safety within the provider services of Powys LHB (March 2007), consideration is being given to removing Powys LHB's power to provide secondary care (hospital) services. In future, it is proposed that these provider functions will be provided in Powys localities and hospitals by NHS Trusts adjacent to Powys LHB:

- (i) **Do you agree with the proposal to reduce the number of LHBs in Wales from twenty-two to eight?**

The Management of Community Services

For the purposes of this Consultation Paper, Community Services may be defined as "*...Services in the community that enable people to live healthy, fulfilled and independent lives. It includes services that are familiar, such as:*

- *...generic community services such as the district nurse, health visitor, community midwife, community psychiatric nurse, school nurse, and community therapy services;*
- *specialist clinical or [NHS] outreach services;*
- *...respite care,...and nursing home services...”²*

and also includes the management and provision of Community Hospitals.

In his recent review of community services in North Wales, Dr Christopher Jones CBE stated “...*there is a need to develop a vision and strategy to ensure Primary and Community services are developed together to meet the needs of the Welsh agenda...*”.³

It is vital therefore that we strengthen links between GPs, community nurses, and community care staff employed by local authorities to deliver as much care outside hospitals as is possible. One way of doing this would be to transfer the management of community services, currently the responsibility of NHS Trusts, to LHBs.

This possibility is one of the most important questions to be resolved as part of this consultation:

- (i) **Should responsibility for managing and providing community services be transferred from NHS Trusts to the LHBs?**

Engaging People Locally

There is a strong case for strengthening the responsiveness of the NHS to local experiences of health care delivery, and to meeting local health challenges. Here, the term *local* may relate to small communities, housing estates, or population groups. The experience of trying to manage local service changes has also demonstrated the need to engage local leaders in both defining the problems that need solving, and designing the solutions if changes are to be successfully carried through. This principle of localism is of fundamental importance. The proposed consolidated LHBs (**Annex A**) will need to operate effectively at a more locally based level, recognising both continuing statutory provisions and the key role of organisations such as Local Service Boards. As in the case of the newly merged NHS Trusts (**Annex B**), the seven LHBs and

² Welsh Assembly Government. *The Community Services Framework*; April 2007

³ Jones, Dr C CBE. *A Review of the Impacts of Developments in Primary Care and Community Care in relation to Designed for North Wales*; February 2008

Powys LHB would need to have renewed governance arrangements, in order to reflect their new remit and purpose.

Once again, there are issues on which this consultation document seeks views:

- (i) Do you agree with the proposals that enlarged Local Health Boards also need to operate at a more locally based level?**
- (ii) If so, how should this be achieved?**

Consideration needs to be given as to how the boards of the proposed LHBs might be drawn up. At present, Regulations⁴ provide for the officer and non-officer membership of the LHB, and the eligibility criteria for specific categories of members. Current Boards are constructed broadly on a 'stakeholder' model, with representation from local government, primary health care professional groups, the voluntary sector and patient groups:

- (i) Should that model continue in the future?**
- (ii) Should we move to a different pattern, with smaller 'executive' Boards, accountable to a wider stakeholder community?**
- (iii) What should be their relationship with the National Board?**

In either case, decisions will be needed on the sorts of skills and experiences which Board members should bring.

Because these issues of localism are so important, this consultation process will include a series of participatory events in which the views of local government, the voluntary sector, Community Health Councils and patient and public groups can be fed directly into this part of the process.

Paper 3: *Governance in the Health System* outlines the governance issues surrounding current LHBs and NHS Trusts, and can be found at www.wales.gov.uk/consultations.

⁴ The Local Health Boards (Constitution, Membership and Procedures) Regulations 2003 (SI 2003/149)

3. How will this affect NHS Trusts?

At present, NHS Trusts are established to provide goods and services for the health service. This includes providing hospital secondary care services and specialist services, together with providing community services and mental health services.

In future, it is proposed that NHS Trusts will concentrate on providing general and specialist hospital services. The proposals for the future configuration of NHS Trusts in North Wales have not yet been finalised. Consultation on a proposed merger between North East Wales and Conwy & Denbighshire NHS Trusts ended on the 31st March 2008. North West Wales NHS Trust has indicated a desire to remain as a separate organisation.

NHS bodies in North Wales have been developing plans for the future of hospital services, based on a fully integrated system. If responses to this consultation suggest that the needs of the people of North West Wales are best served by two separate NHS Trusts (namely North East Wales and Conwy & Denbighshire NHS Trusts with North West Wales NHS Trust as a separate entity) then we would need to ensure that services provided by the new NHS Trust coincide with the relevant LHB/Local Authority boundaries. This would mean that Llandudno Hospital would in future be administered by the newly formed Conwy & Denbighshire and North East Wales NHS Trust.

Unlike LHBs, which are established for a specified area and are responsible for persons usually resident in that area, NHS Trusts are established to provide goods and services for purposes of the health service. NHS Trusts do not have a legally defined geographical boundary for which they are responsible, but they do operate within defined areas.

By the time the current round of NHS Trust mergers is completed, and subject to the results of the formal consultation, Trust Board and ultimately Ministerial approval of the merger of North East Wales and Conwy and Denbighshire NHS Trusts has been given, it is anticipated that **seven (7) hospital NHS Trusts** will exist in Wales, together with Velindre NHS Trust (a specialist Trust) and the Welsh Ambulance Service NHS Trust. Therefore, it is proposed that there will be in total **nine (9) NHS Trusts in Wales**. The proposed configuration of NHS Trusts can be seen in bold on the map at **Annex B**.

The futures of Velindre NHS Trust (including the National Public Health Service), the Welsh Ambulance Services NHS Trust, and mental health services are not the subject of this Consultation Paper. In these specialist areas, however, there are on-going developments, which will be the subject of separate consultation exercises, as necessary.

Due to the reduction in the number of NHS Trusts in Wales as a result of the recent mergers, and the proposed ending of the internal market, thought needs to be given to the future of the constitution of NHS Trust Boards and their relationship with the proposed National Board.

At present, Regulations⁵ provide that the maximum number of directors of an NHS Trust shall be twelve (excluding the Chair), with no more than seven non-executive directors and no more than five executive directors.

Therefore, the questions in this area are:

- (i) How should future NHS Trust Boards be constituted?**
- (ii) What should be their relationship with the National Board?**

⁵ The National Health Services Trusts (Membership and Procedure) Regulations 1990 (SI 1990/2024)

4. Other Considerations

Support Services

NHS bodies require a range of support services including, estates, legal, procurement, information services and many others.

At present, the management of some of these services is dispersed across a range of NHS organisations. The current position of these services can be seen on the map at **Annex C**.

Given the proposal that NHS Trusts should focus on patient care services, it is considered that non-patient care functions provided by NHS Trusts might be better placed in another organisation devoted to providing those services:

- (i) Should the reforms set out here include drawing these services together into a single shared services body for the NHS in Wales?**

Further details of the current NHS structure can be found in Paper 4: *NHS Bodies and Organisations in Wales* at www.wales.gov.uk/consultations.

Conclusion

It is important to recognise that the changes proposed will have an impact on organisations and individuals. The commitment, experience and expertise of those who work within the NHS remain the single most important asset of the health services provided. The Welsh Assembly Government is determined that this should be retained as any proposed changes are implemented

These proposals are driven by a desire to have administrative arrangements for the NHS in Wales that are effective for improving services to patients; they are not driven by issues of cost. New arrangements will be contained within the current financial framework. Staff will be treated fairly, within a comprehensive policy framework, for the management of the change programme.