Agenda Item 8

Leicestershire County Council

CABINET – 10TH APRIL 2018

NHS SUSTAINABILITY AND TRANSFORMATION PLAN/PARTNERSHIP

JOINT REPORT OF THE CHIEF EXECUTIVE AND DIRECTOR OF ADULTS AND COMMUNITIES

PART A

Purpose of the Report

1. The purpose of this report is to clarify the County Council's relationship with the NHS, both in terms of the services that are already delivered in partnership and the ongoing transformation and integration of health and care in the local area. In particular, the report sets out the current position with respect to the County Council's role in the Sustainability and Transformation (ST) Plan/Partnership, also known as "Better Care Together", across Leicester, Leicestershire and Rutland (LLR).

Recommendations

2. It is recommended that:

   (a) The County Council's position that the ST Plan be published as an NHS document, with the County Council as a consultee, be confirmed;

   (b) The respective roles of the Cabinet, Scrutiny and the Health and Wellbeing Board (as set out in the Appendix to this report) be noted;

   (c) The County Council continue to work in partnership with the NHS in the delivery of services, where those services are already delivered in partnership, and in the transformation and integration of health, public health and social care in the local area;

   (d) The level of resource applied to the programme for the integration of health, public health and social care be kept under close review, in the context of the Council's MTFS, the Council's Strategic Plan and the Leicestershire Better Care Fund plan/pooled budget;

   (e) The local NHS be advised that it remains the County Council's strong view that an external review of the governance arrangements for the

LLR ST Partnership be undertaken to provide:

(i) clarity of decision making and accountability;
(ii) a clear definition of the roles of the partners;
(iii) effective engagement with democratic processes; and
(iv) robust oversight of the delivery of the ST Plan and associated financial savings and changes in NHS expenditure;

(f) The County Council's position on accountable care systems/integrated care systems be considered further once the NHS provides more information on the direction of travel nationally and any emerging local response.

Reasons for Recommendations

3. The Chief Executive wrote to the local NHS in December 2017 to advise that the County Council, as a member of the Better Care Together Partnership, would not want its name or logo accompanying the publication of a further draft ST Plan in 2018. Specific concerns existed about the lack of detail in respect of proposals for NHS service changes and spending reductions to close the local funding gap (£400 million) and separately about the overall ST Plan and Partnership governance arrangements. The County Council requested an externally-led review of those arrangements**.**

4. The County Council has a significant role in the delivery of care and support to citizens through its social care and public health functions and a very good track record in working alongside NHS partners to improve integrated care to date. It should therefore remain a high priority for the Council that the areas of core business that interface with the NHS, including delivering new models of care, continue to benefit from good operational and strategic leadership, backed by appropriate governance.

5. The County Council's MTFS and Strategic Plan have been refreshed for 2018/19 and programme resources and workplans for individual Council priorities are in the process of being finalised.

6. In September 2017 a joint letter was sent to the NHS locally from the Chairs at the time of the three LLR Health and Wellbeing Boards, setting out concerns that any proposal to develop an accountable care organisation (later called accountable care system or integrated care system) would make an already complex set of health system governance arrangements even less clear. It is, however, expected that the three local authorities will be engaged on any further proposals, in line with the changes in the governance arrangements for the ST Partnership as a whole.

Timetable for Decisions (including Scrutiny)

7. There is currently a lack of clarity around the timescales for ST Plan publication, engagement and consultation activities. However, once these timescales have been confirmed arrangements will be made for both the

Cabinet and the Joint Health Overview and Scrutiny Committee to respond to the consultation.

Policy Framework and Previous Decisions

8. In December 2016 the Cabinet noted the publication of the previous draft of the STP and the governance arrangements for oversight and delivery this. The Chief Executive was authorised to take such operational decisions as may be necessary (there have not been any) to enable the delivery of the ST Plan, following consultation with the Cabinet Lead Member for Health. This report also confirmed that the Chief Executive was appointed to serve on the System Leadership Team (SLT) of the STP set up by the NHS. This is a joint board of the three Clinical Commissioning Groups in Leicester, Leicestershire and Rutland.

Resources Implications

9. A stocktake of the resources allocated to the delivery of health and care transformation priorities including those associated with the Leicestershire Better Care Fund and the LLR STP work programmes has recently been undertaken and this has identified that the level of resource invested by the County Council in this area during 2017/18 is approximately as follows:

- £130,000 for strategic level input;
- £1.3 million for dedicated programme/project input.

Further details are set out in paragraphs 40 to 48 of this report.

Circulation under the Local Issues Alert Procedure

10. None

Officers to Contact

John Sinnott
Chief Executive
Tel: 0116 305 6000 email: john.sinnott@leics.gov.uk

Jon Wilson
Director of Adults and Communities
Tel: 0116 305 7454 email: jon.wilson@leics.gov.uk

PART B

Background

11. NHS England (NHSE) produced its 'Five Year Forward View' in October 2014. This document set out new models of care intended to transform health and care in priority services areas across England (for example urgent care or primary care).

12. In setting out this five year vision NHSE aimed to:

    a. Drive consistent adoption of the new models of care across the NHS in England;
    b. Mitigate the impact of demographic growth and the increasing demand on NHS services due to an ageing population, facing increasing levels of need and complex care;
    c. Mitigate the impact of shrinking public sector resources, in order to provide solutions for the medium term financial sustainability of the NHS – ultimately to reduce, or ideally eliminate, the NHS funding gap, then £30 billion, by 2020/21.

13. The vision and requirements set out in the Five Year Forward View are reinforced annually in the NHS Mandate. This sets the annual operating framework of the NHS. In the Mandate there are specific quality, performance and financial expectations for each type of NHS organisation, as well as the joint requirement across the NHS to deliver the new models of care.

14. Sustainability and Transformation (ST) Plans (now called ST Partnerships) were introduced by NHSE as a means of accelerating the implementation of the Five Year Forward View. The country was divided by NHSE into 44 local STP areas (geographical footprints) in order to do this. Councils with social care responsibilities were named as important partners to STPs and local government's public health lead role was also recognised in these arrangements.

15. Partners across LLR were already operating in a multiagency partnership known as Better Care Together, which had a pre-existing work programme to steer some aspects of health and care transformation across LLR. The LLR partnership now operates under the ST Plan and Partnership arrangements, incorporating new areas of work per the new models of care. The local NHS has, however, retained the same brand name of "Better Care Together".

16. An initial draft ST Plan for LLR was published in November 2016, as per the national NHS timetable. NHSE determined at that stage that there could be public engagement but not consultation. The Plan identified a £409m overall gap in health and care finances given the ageing profile of LLR demography and the rising demands on services. It also outlined the need for £300m of capital investment to reconfigure and improve healthcare facilities across LLR, for example, upgrading emergency department and intensive care facilities, introducing a number of new models of care outside of hospitals,

consolidating inpatient beds across a range of hospital sites, and bringing maternity services onto one site.

17. In December 2016 the Cabinet noted the position in respect of a draft ST Plan for LLR and the STP governance arrangements proposed by the NHS locally. The Chief Executive was nominated to serve on the System Leadership Team (SLT), constituted as a joint board of the three LLR Clinical Commissioning Groups (CCGs).

18. Given the differing accountabilities of NHS Boards and the three Local Authorities in LLR (the County, City and Rutland Councils), the SLT was not established with delegated decision making responsibilities from each partner organisation. Rather the SLT was to provide system leadership and strategic oversight, with terms of reference as follows:

- "To set the direction and oversee delivery of the STP for LLR;
- To provide collective problem solving and decision taking for system wide issues;
- To provide oversight to, and monitoring of, performance against the system control total." (This is an overall financial control total, shared across local NHS partners.)

19. Where a specific decision was required, the SLT was to develop a shared recommendation, agreed by all members of the SLT, for consideration by the relevant decision making body. That has not happened.

20. In reality, where some initial service change proposals have been made through the workstreams of the ST Plan and into the SLT, a lengthy approvals process has followed, often resulting in differing outcomes when the same proposals are presented back to the individual NHS Boards.

21. The monitoring of the system control total and the associated performance management aspects of the SLT's terms of reference cannot be adequately addressed until there is further detail and clarity on the overall financial position of the local NHS, via the final published version of the ST Plan. Even then, it remains the responsibilities of the NHS Trust and CCG Boards which really matter. Probably the greatest challenge for the NHS in implementing medium term planning as demanded by the ST process is to move away from its focus on in-year financial planning and controls which restrict, for example, invest to save programmes. This has been exemplified in the LLR ST process in recent months.

22. In December 2016 specific responsibilities regarding the implementation of the ST Plan were also allocated to the three Health and Wellbeing Boards (HWBs) covering LLR, with each HWB Board taking an assurance role in specific areas of work within the ST Plan. The Leicestershire HWB has a lead role with respect to assuring the implementation of the new model of care for "Integrated Locality Teams".

Current Position

23. The development and approval of each ST Plan in England (by each local ST Partnership, overseen by NHSE) has proved to be a complex and controversial process which has been subject to a number of stop/starts over the past 18 months. There is still a lack of clarity as to how an ST Plan is finally signed off; there is no clear guidance from NHSE**.**

24. It is widely recognised (including within the NHS itself) that the current fragmentation of NHS bodies within each ST Partnership footprint is one of the barriers to progressing transformation in a unified manner. The pressing and competing demands of the day to day operational delivery of health and care services in these very challenging times for the public sector, is also a key factor affecting the progress of all ST Partnerships in the country.

25. From a policy perspective, NHSE proposed during 2017/18 that local areas should consider adopting more formal "accountable care" organisational structures (based on a model developed in the USA). This is characterised by a number of health organisations joining together to provide more seamless delivery of services inside and outside of hospital settings, and in doing so they are held accountable jointly for performance, (including financial performance) and outcomes, instead of continuing to operate within their individual organisational and contractual boundaries.

26. The NHS bodies in LLR expressed early interest in investigating this approach, and an early draft of a proposal was considered by the SLT on 17 August 2017. It was subsequently reported in both local government and health press that this proposal was being taken forward on a partnership basis. This was not correct as far as the Local Authorities were concerned. A joint letter was therefore sent to the NHS locally from the Chairs at the time of the three Health and Wellbeing Boards, setting out concerns that the proposal to develop an accountable care organisation would make an already complex set of health system governance arrangements even less clear. The letter was also critical of the lack of engagement with Local Authorities in these discussions and a lack of clarity from the NHS as to where accountability, including democratic accountability, would lie.

27. In March 2017 in line with the usual NHS annual planning process, NHSE published 'Next Steps on the NHS Five Year Forward View'. This formally renamed the 44 footprints as ST Partnerships, with Local Authorities noted as optional partners. It should also be noted the language of accountable care organisations has changed to "integrated care systems" in recent months. All these name changes have been the responsibility of NHSE. As 'STPs' are taken forward in a public context, clarity is required from NHSE as to name(s), intention and process.

28. NHSE is also promoting changes to Clinical Commissioning Group (CCG) governance arrangements nationally, so that where there are multiple CCGs in each ST Partnership area, they operate from a more consolidated/joint management team in the future, even if they remain as separate statutory

bodies. It is understood the three CCGs within LLR will be implementing a joint management team during 2018 in response to this.

29. The County Council has consistently fed back to the NHS a number of concerns about the LLR ST Plan and Partnership, including:

a. The lack of detail in respect of proposals for NHS service changes.
b. The size of the financial gap to be addressed across the NHS locally, the lack of specific proposals (bar one) to address it and the ability of the ST Plan/Partnership to resolve this.
c. The ST Partnership governance arrangements (both in terms of overall decision making across the partnership, and the need for robust oversight of the delivery of the plan and associated savings).
d. The ST Partnership (SLT) meetings being dominated by internal NHS issues.

30. Following a meeting in December 2017 of Cabinet members with NHS CCG and Trust chairs and chief executives/managing directors, the County Council communicated its view that the LLR ST Plan should be published as an NHS plan, issued for wider consultation, with the County Council as a consultee. The City and Rutland Councils have adopted a similar position. Attached as an Appendix to this report is a note setting out the respective roles of the Cabinet, Scrutiny and the Health and Wellbeing Board, as recently discussed and agreed with Cabinet and Scrutiny members.

31. Fundamentally, further clarity is needed on:

a. The ST Partnership's overall governance arrangements, and the role of Local Authorities within this, including with respect to the delivery mechanisms and performance management of the ST Plan.
b. The confirmed financial position/gap of NHS partners within the LLR ST Partnership, the ability of the plan and partnership to address the financial gap, and the level of assurance of the other partners involved.
c. The Local Authorities' relationship to any new organisational forms arising or proposed from NHS policy changes.

32. The County Council has already recommended that an externally led review of ST Partnership governance is undertaken to address the effectiveness of the SLT, to seek assurance that the best possible decision making and delivery model is in place to support the progression of the ST Plan, that agendas are relevant to the Local Authorities and that there is robust performance and financial management of the Plan, but that the terms of reference of the governance arrangements are realistic. This review should tackle how the system as a whole can operate more effectively across organisational and cultural boundaries, how decision making can be streamlined and improved, and how commitment to democratic accountability can be properly demonstrated. Regrettably, such a review has been rejected by the NHS locally.

33. There is also a need to gain more information about, and assess the implications of, any further proposals concerning "accountable care/integrated care systems" within LLR, as the national policy and local response to this, is expected to develop further in 2018. This will have further implications for system wide governance.

34. Given the Council's significant role in the delivery of care and support to citizens through its social care and public health functions, and its very good track record in working alongside NHS partners to improve integrated care to date, it remains a high priority for the Council that the areas of core business that interface with the NHS, including delivering new models of care, continue to benefit from good operational and strategic leadership, backed by appropriate governance, and that the Council can influence and share a clear vision with NHS partners, Council Members and the public, as to how these services should best develop.

35. It is also critical that the Council continues to plan effectively and efficiently for the resource needed to drive this transformation, and that the agreed areas of priority for health and care integration are proportionate, in line with the Council's overall Transformation Programme, Medium Term Financial Strategy and Strategic Plan.

Overview of Health and Care Integration work to date

36. Before and since the ST Plan was first discussed, the County Council has invested heavily in integration for the simple reason that the Council believes it is increasingly desirable from the perspective of the service user that their care is well coordinated across organisational boundaries. Integration by itself does not necessarily save money, but when implementing new models of integrated health and care Leicestershire's integration programme aims to reduce duplication and improve efficiency wherever possible.

37. The County Council has taken the lead role in progressing the Better Care Fund (BCF) since the inception of the BCF Policy in 2014. The BCF Plan for 2018/19 represents £52m of pooled resources between NHS partners and the County Council and is targeted to improving hospital discharge, increasing the amount of integrated care delivered in community settings, avoiding unnecessary hospital admissions, sustaining adult social care, and integrating data and technology across organisational boundaries.

38. There is an element of 'business as usual' in working with the NHS both at operational and strategic levels, however, over the past three years a specific programme of health and care integration supported by the BCF pooled budget has ensured this remained a top priority for County partners, including district councils, with whom the integration of housing support into the model of health and care integration in Leicestershire has also been achieved.

39. As we head into the new financial year and the next phase of the ST Partnership, the Council has undertaken a stocktake of the priorities and resources for health and care integration. The analysis undertaken was a

snapshot of activity for 3 months in 2017/18 which has been extrapolated for a 12 month period and the figures are therefore indicative.

40. The outputs of the stocktake show the key areas of joint work and the resources the County Council has already prioritised in working alongside NHS partners to deliver health and care transformation. These are described at both County and LLR levels of the system.

Strategic level input

41. This comprises membership of, attendance at, and two-way reporting into the LLR Senior Leadership Team and ST Partnership programme boards (Home First, Integrated Locality Teams and Prevention). This involves the Chief Executive together with Directors of Health and Care Integration, Public Health and Adults and Communities, plus a number of other officers and managers across the Council, who lead, participate and support the ST Partnership with the implementation of new models of care. Some County Council Directors also operate as Senior Responsible Officers for specific ST Programme Boards. During 2017/18 this strategic level resource has been estimated to be approximately £130,000, however, in periods of peak activity it is recognised this can be considerably more.

Dedicated programme/project input

42. In terms of oversight of integrated approaches to health and care within Leicestershire, and oversight of the Better Care Fund plan/pooled budget, the main contribution from the County Council is through the office of the Director of Health and Care Integration, Support is also provided from the Council's corporate services, along with adult social care, public health and other commissioning support. A summary of these resources is given below. This has been based on actual resource applied over a 12 month period in three categories.

(i) <u>Office of Director of Health and Care Integration</u>

43. There are 4.0 FTE associated with the core team in this department

(ii) <u>Corporate Resources</u>

44. The team also relies on dedicated resources from the County Council's corporate services, which equates to a total of 4.4 FTE(finance, communications, analytics and admin) along with legal and procurement expertise as required, for example in the production of section 75 agreements and tendering activity.

(iii) <u>Public Health, Adults and Communities, Commissioning</u>

45. There are a number of specific programmes and projects which involve 6.2 FTE project officers. Several of these posts are hosted by the County Council for LLR STP workstreams such as falls, integrated points of access, and

home first. These workstreams are supported by business analysts and business consultants from the County Council where needed. In addition there are a number of Commissioning Officers, for the Transforming Care Programme (learning disabilities commissioning) and Leicestershire's integrated domiciliary care service, Home First programme, and urgent care developments.

46. Taking into account the categories above, the estimated value of County Council officer time in 2017/18 was £1.3 million and for 2018/19 is currently estimated at £875,000. The 2018/19 figure is still subject to change as some work programmes for the new financial year are still being finalised with NHS partners.

Operational input

47. Operational input is provided by a combination of officers' time on day to day operational activity in relation to service delivery and joint commissioning activity, such as Continuing Healthcare funding, Delayed Transfers of Care, Personal Health Budgets and individual care provision.

48. Whilst some of this work is considered as being required to meet statutory duties and other responsibilities of the Local Authority, it is recognised that elements of this work are over and above normal duties, undertaken on behalf of the wider system or undertaken due to failings in the system, and as such requires additional resources to be applied. The estimated value of these operational resources in 2017/18 was £475,000. This was calculated using a three month snapshot and extrapolating this over a 12 month period.

Equality and Human Rights Implications

49. There are no equality or human rights implications arising from this report. NHS policy-making, decisions and activities are required to be compliant with the public sector Equality duty.

Other Relevant Impact Assessments

Partnership Working and Associated Issues

50. In order to
- Deliver core health and care services across the public sector;
- Transform health and care into a more integrated service for citizens; and
- Make the best use of the "Leicestershire pound";

there needs to be consistent, constructive and effective partnership working and relationship management across at all tiers of local organisations.

51. The Council has historically provided good system leadership and has a good track record of leading transformation programmes, including those that are joint with the NHS.

52. The scale and complexity of the ST Plan/Partnership however necessitates a stepped change in the governance approach, if taking joint accountability and sharing the risks and benefits of the transformation within the LLR STP is to become a reality, and if this is to meet the requirements of all partners including local authorities.

Risk Assessment

53. The risk of failing to deliver integrated health, public health and social care services will have a negative impact on the County Council and its citizens and is therefore listed on the Corporate Risk Register.

Background Papers

Report to the Cabinet on 13 December 2016 – NHS Sustainability and Transformation Plan
http://politics.leics.gov.uk/documents/s125045/NHS%20Sustainability%20and%20Transformation%20Plan.pdf

Appendix

Appendix - Cabinet, Scrutiny and Health and Wellbeing Board Roles

This page is intentionally left blank