Report to:	**Cabinet**
Date of meeting:	**15 November 2016**
By:	**Director of Adult Social Care and Health**
Title:	**East Sussex Better Together Accountable Care Model**
Purpose:	**To seek Cabinet endorsement of the work to develop a local Accountable Care Model since May 2016, setting out the case and plans to implement a transitional year in 2017/18 as part of the process to moving to a full Accountable Care Model in 2018/19**

Recommendations: **Cabinet is recommended to agree:**

1. **to continue to progress work to develop a local fully integrated Accountable Care Model across the East Sussex Better Together footprint, as set out in the report, involving a transitional year in 2017/18;**
2. **to receive a further report to Cabinet in July 2017 setting out a business case for the future organisational arrangements to implement a full Accountable Care Model in 2018/19;**
3. **to a transition year of Accountable Care through forming a commissioner provider alliance to manage collectively, with East Sussex Better Together Commissioning Partners, the health and social care system in 2017/2018;**
4. **to delegate authority to the Chief Executive to take any action considered appropriate to give effect to, or in consequence of the above recommendations, including (but not limited to), determining the services included, agreeing and entering into an agreement which will govern the alliance and pooled budget agreements with the East Sussex Better Together partners.**

1 Background

1.1 Cabinet recognised three years ago that the scale of the financial challenge facing the NHS, Adult Social Care, Public Health and Children's Services across the county required a fundamentally different approach to our joint work with Health and other partners. In response the East Sussex Better Together (ESBT) programme was initiated in 2014 to deliver fully integrated health and social care services and a sustainable local health and social care economy for future generations. An ESBT Scrutiny Board has been set up to enable elected Members to consider these transformation plans. The key challenges faced by our local health and social care economy, and the case for change, are set out in Appendix 1 of this report.

1.2 In May 2016 Cabinet agreed the principles and characteristics of a local Accountable Care Model (ACM) and decided to look at developing a detailed business model as the next step. The key design principles and characteristics that were originally agreed are attached for reference in Appendix 2. The work during the 2017/18 transition year presented in this report will deliver this model for implementation in 2018/19.

1.3 The Council has been developing, as part of the Reconciling Policy, Performance and Resources (RPPR) process, an integrated Strategic Investment Plan for the commissioning of health and social care with the ESBT commissioning partners; Eastbourne Hailsham and Seaford Clinical Commissioning Group (EHS CCG) and Hastings and Rother Clinical Commissioning Group (HR CCG). Detailed work on the Strategic Investment Plan was agreed by Cabinet and includes setting up a pooled budget for all ESBT Health and Adult Social Care resources, Public Health provision and elements of Children's Services (at this stage disability services and mental health). The work is being undertaken with partners, including the local NHS providers, senior District and Borough Council housing officers and the Voluntary and Community Sector. The full

proposal will be considered as part of the Council's RPPR process in January 2017. This approach is critical to ensuring we make coherent decisions for the future, making the best use of the collective resources available and to testing aspects of a future ACM during 2017/18.

2 Local engagement to develop the Accountable Care Model

2.1 Research and discussions have taken place to shape the development plans for an ACM, and continue to inform our work and the arrangements for the transition year of Accountable Care in 2017/18. This has included:

- A seminar and workshops on the impact of future models on health and social care in East Sussex
- Multi-agency Steering Group discussions between statutory partners
- ESBT Strategic Investment Plan discussions, as part of RPPR, focussing on the activity and capacity changes needed to effect a move to community based prevention and proactive care
- Partnership engagement events, such as Shaping Health and Care.

2.2 County Council Member input has been sought in a range of ways including through the ESBT Scrutiny Board on 4th October, Whole Council Forum on 11th October, and there has also been a presentation and discussions at a Health Overview and Scrutiny Committee (HOSC) seminar on 18th October.

2.3 Work is also taking place with GPs and other primary, community and acute care professionals to agree a shared understanding and high level plan for the system transformation required, based on the five year financial assumptions detailed in our integrated Strategic Investment Plan.

3 The East Sussex Accountable Care Model

3.1 There is a clear consensus on the need to build a whole system model of Accountable Care that incorporates primary prevention, primary and community care, social care, mental health, and acute and specialist care. In line with this East Sussex Healthcare NHS Trust and Sussex Partnership NHS Foundation Trust formally joined the ESBT Programme Board in September 2016, enabling a full alliance between commissioners and providers. A summary of the main local considerations for moving to Accountable Care is provided in Appendix 3.

3.2 The new model will involve changing the local system from one of separate organisations to managing the way we pay for and deliver health and social care on an integrated, system-wide basis, based on delivering the outcomes that matter to local people rather than, as currently, based on activity.

3.3 There are different options for establishing an ACM, including a virtual partnership arrangement, partial integration of specified elements of service and full integration. More details about these are provided in Appendix 3. The proposed changes will not change the roles of the County Council and the Clinical Commissioning Groups (CCGs). We will remain the accountable strategic commissioning bodies for health and social care services, exercised through democratic accountability to the Council. The County Council and CCGs will continue to set outcomes and oversee their delivery, as well as ensuring service user voice and choice are maintained.

3.4 The ACM will mean evolving the working arrangements of commissioners and providers and other partners. This will be important to ensure the new integrated delivery vehicle has the freedom to define the detail of the service model and how providers would work together to deliver this, as well as the operating model and partnership arrangements. The freedom would however be dependent on delivery of the outcomes specified by the Council and CCGs.

3.5 In order to encourage more coordinated care between health and care providers, an ACM will have to bring together a range of services that currently sit across a number of different organisations. Local discussions have taken account of the need to develop and agree an organisational form, and also decide how the prospective ACM will relate to GP Practices, other

staff groups, and providers in the independent and voluntary sector, as well as the communities where they provide services. The 2017/18 transition year will allow us the opportunity to test and evaluate the options available to us on organisational form, in addition to undertaking more detailed work on governance and support arrangements. The suggested options to explore include:

- Using NHS legislation to establish a new NHS Trust Board, to include social care and Public Health provision
- Partners on the ESBT Programme Board forming a limited company or limited liability partnership (LLP) e.g. forming a corporate joint venture vehicle to deliver the single contract for the whole population
- Other organisational models such as Community Interest Companies and Mutual Companies.

4 2017/18 Transition Year

4.1 It is considered that the most effective way to develop the evidence base further in East Sussex is to have a transition year of Accountable Care through forming a commissioner provider alliance. This would be made explicit through an agreement that sets out the operating arrangements between the ESBT Programme partners and allows us to test and develop:

- The optimum population base for capitation and the devolution of budgets to localities
- The phasing of the introduction of a capitation payment mechanism
- The methodologies for organisational and individual incentives to deliver the outcomes
- What the funding and contracting model should be with primary care, voluntary and community organisations and the independent care sector.

4.2 Local determination on the preferred organisational form would also form a key part of the deliberations in early 2017/18, in order that recommendations can be made to Cabinet in July 2017. The ESBT Scrutiny Board will have an ongoing role in all of these considerations.

4.3 During the transition year all organisational accountabilities remain unchanged, including employer and employee status, with partners joining up funding and activity through the delivery of the Strategic Investment Plan, creating pooled and aligned budgets and an agreement to govern providers and the commissioner and provider alliance. The transition year will also determine how the Council will fulfil its ongoing statutory responsibilities, financial control, and governance requirements. The immediate work on the Strategic Investment Plan and pooled budget that will be implemented in 2017/18 will be addressed through RPPR, including the necessary assurance process for entering into the new budget arrangements. This will require the commissioning of specialist financial and legal advice to mitigate risks arising from these developments.

4.4 The Council will continue to set priorities for the local population and make investment decisions, as well as scrutinising the delivery of health and care services. The agreement will describe how the governance of the health and social care economy will take place through single system leadership, with accountability to the Council, CCG Governing Bodies and Trust Boards, and overarching local whole system leadership and decision-making through the following mechanisms:

- An integrated single budget covering collective health and social care investment
- An integrated Strategic Investment Plan to prioritise investment, to be considered through the RPPR process
- A unified outcomes framework and a single performance management process.

5 Risk Management

5.1 It is recognised that, as the Council enters into the new ACM arrangements, it will continue to need to meet its statutory responsibilities, financial control and governance requirements. The partnership will bind organisations together and in these circumstances there are a range of additional risks due to a proposed shared accountability for health and social care. For example, there are significant current and historic financial challenges for NHS providers and the new arrangements will need to ensure that the Council is not disadvantaged as a consequence.

5.2 A major change process of this kind and scale inevitably presents risks. The most significant ones are as follows, together with mitigating actions:

- Loss of democratic accountability and control: in the ACM there is no change to the key roles of the Council, which are to determine expected outcomes, set investment levels, and to scrutinise performance. These roles will be built into the formal agreements underpinning the ACM, including the agreement proposed for the transitional year;
- Failure to discharge statutory responsibilities: the Council will, through the ACM formal agreements, determine expected outcomes, and these will include the discharge of relevant statutory responsibilities. The ACM will require flexibility to determine how best to discharge responsibilities, but the outcomes will be pre-determined by the Council alongside other partners;
- Loss of financial control and/or unintended financial consequences: the pooling agreement for the transitional year and subsequent financial arrangements will need to specify the financial management responsibilities of all partners and the monitoring mechanisms that ensure that the actual expenditure incurred is in line with the SIP (or that prompt corrective action can be taken). Expert advice will be taken to guard against unintended financial consequences such as tax liabilities;
- Limited management capacity: the development of the ACM is a major management challenge for all of the partners involved. It requires focus and substantial officer time to work through the practical arrangements. All partners have recognised this importance and have prioritised the workload. In addition specialist advice and support is being procured to provide additional capacity for the next nine months or so.

5.3 In considering risk management, it is important to recognise that the Council is already exposed to significant risk, as its social care responsibilities are inextricably linked to the wider healthcare economy which is currently managed by various NHS bodies. As already described, the current way of delivering health and social care in the ESBT area is clinically and financially unsustainable, and the Council is already therefore exposed to risks. Radical transformation of how care is organised and delivered is necessary if there are not to be significant cuts to the level of support we provide to residents.

6. Conclusion

6.1 As outlined through the Council's RPPR process it is predicted if nothing changes between current and projected demand and available health and social care budgets the anticipated funding gap will be over £200million by 2020/21. We have made strong progress already through our ESBT programme to integrate services and redesign care pathways in line with best practice, however, we also need to transform the way services are organised and provided to bridge the financial gap, which requires full integration to achieve a health and social care economy that is sustainable in the long-term.

6.2 Taking account of learning from elsewhere, and after local deliberation, moving to a fully integrated model of Accountable Care offers the best opportunity to achieve the full benefits of an integrated system. It is equally the case that formal integration on this scale would represent significant risks to all the organisations involved in our health and care system. A transitional year of Accountable Care, under an alliance arrangement, would allow for the collaborative learning and evaluation to take place between the ESBT programme partners and other

stakeholders, to further develop the evidence base locally for increased levels of formal integration and designing the appropriate contractual and funding arrangements to suit local preferences. Over the medium term there will also be a need to have dialogue with national Government in order to achieve our aims and objectives.

6.3 Accountable Care models based on a whole population capitated budget and longer outcomes based contracts are an opportunity to transform commissioning and service provision. Significant amounts of engagement have taken place with local decision-makers and stakeholders to both share the rationale for moving to an ACM and the potential options. Consensus has been reached that a transitional year is the most effective way to further develop the evidence base, allowing collaborative learning to take place across the constituent parts of the local health and care system in keeping with the local circumstances of strong partnership working.

6.4 It is recommended that authority is delegated to the Chief Executive to take the necessary actions to continue work towards developing a local ACM and to implement a commissioner provider alliance for a 17/18. This will include agreeing the services included, and entering into the necessary contractual arrangements, such as those related to pooled and aligned budgets, and an agreement which will govern the alliance.

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LOCAL MEMBERS

County Council Members whose electoral divisions are in the EHS CCG and HR CCG areas

BACKGROUND DOCUMENTS

None