Report to:	**East Sussex Better Together (ESBT) Strategic Commissioning Board**
Date of meeting:	**9 March 2018**
By:	**Director of Adult Social Care and Health East Sussex County Council (ESCC)** **Chief Officer NHS Eastbourne, Hailsham and Seaford Clinical Commissioning Group (EHS CCG) and Hastings and Rother Commissioning Group (HR CCG)**
Title:	**ESBT Alliance New Model of Care progress update**
Purpose:	**To consider progress with further developing the ESBT Alliance and integrated strategic commissioning arrangements for 2018/19 onwards.**

RECOMMENDATIONS

The ESBT Strategic Commissioning Board is recommended to:

1. **Note and discuss the shared learning from the test-bed year of the ESBT Alliance, and the implications for strengthened governance and leadership of the ESBT Alliance to deliver improvements to quality and finances in 2018/19, focussing initially on integrating commissioning for April 2018;**
2. **Note the current review of ESBT Alliance governance and the proposed review of the Health and Wellbeing Board and place-based governance (as recommended in the CQC Local System Review);**
3. **Discuss the proposed arrangements for East Sussex County Council (ESCC), Eastbourne Hailsham Seaford Clinical Commissioning Group (EHS CCG) and Hastings and Rother Clinical Commissioning Group (HR CCG) to lead health and social care commissioning and transformation for our ESBT system together, and manage financial planning as a single process;**
4. **Note the progress being made to develop the business case for our future ESBT integrated care provider model to achieve a sustainable health and care system by 2020/21, and the plans to engage with our key stakeholders.**

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1. Background

1.1 2017/18 has been our test bed year of operating as an integrated (accountable) care system. During the test bed year we have also agreed that we want to strengthen the ESBT Alliance in 2018/19, as a necessary step on our journey to a fully integrated and sustainable health and social care system by 2020/21.

1.2 Unfortunately we recognise that this alone is simply not enough to make sure our services are affordable for years to come, and to deliver our shared vision that by 2020/21, there will be an integrated, sustainable health and care economy in East Sussex that ensures people receive proactive, joined up care, supporting them to live as well and as independently as possible.

1.3 Given increasing demand, we need to do more to make sure we can meet our population health and care needs within our means. We know we can be most effective if we manage as a system to drive innovation and continual improvement, and to collectively address the financial and activity challenges we face, within in our place-based resource envelope.

1.4 To help us deliver the very best health and care we can within the total budget we have, we need to change the way we plan, organise and pay for services - often referred to as commissioning reform, or payment reform. This will enable us to make sure our excellent staff can be the best they can be, by removing organisational barriers so that we won't be competing for these resources from the same limited pot.

1.5 We are coming to the end of our test bed year of East Sussex Better Together (ESBT) Alliance integrated (accountable) care[1], and we now need to shape our ESBT Alliance arrangements for the next phase from April 2018 onwards. This will build on what we have learned about system working during our test bed year, and recent discussions to support our development of governance and leadership proposals for a strengthened ESBT Alliance in 2018/19 as a step towards our integrated care model by 2020/21.

1.6 Our learning from ESBT, and from evidence elsewhere, tells us that this way of working is the best way of securing excellent local services that keep people independent and as well as possible, so that people only go to hospital when it is the only place that can provide their care.

1.7 We are also reviewing our ESBT Alliance arrangements in the context of our role within the Sussex and East Surrey Sustainability Transformation Partnership (the STP) and the recommendations from the CQC Local System Review. There is also an STP governance review in progress and the outcome and impact of the CCGs' Assurance process to be confirmed.

1.8 This report focuses on how we will integrate and strengthen our health and care commissioning expertise by April 2018, so we can commission clinically led and locally accountable services that deliver improved outcomes and sustainable services. We want to be in the best position to commission fully integrated care and outcomes from an integrated provider system by 2020/21.

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[1] Please note that, in line with the national direction, we're beginning to reflect the latest NHS Planning Guidance refresh for 2018/19:"*We are now using the term 'Integrated Care System' as a collective term for both devolved health and care systems and for those areas previously designated as 'shadow accountable care systems'. An Integrated Care System is where health and care organisations voluntarily come together to provide integrated services for a defined population"* www.england.nhs.uk/publication/refreshing-nhs-plans-for-2018-19/ (February 2018)

1.9 The report provides a summary position of our progress to strengthen our ESBT Alliance in 2018/19 and includes the learning from the test bed year. Initial actions focus on implementing integrated commissioning arrangements to support system recovery in 2018/19, followed by work to finalise the business case for our future ESBT integrated care model to help achieve long term sustainability

2. The ESBT Alliance 2017/18 test bed year

2.1 In April 2017 the members of the ESBT Programme Board moved formally into an ESBT Alliance arrangement for a test bed year, in order to enable us to rapidly develop our capacity to manage the health and social care system collectively as an Alliance partnership.

2.2 Part of the purpose of the test bed year was to create the space and time to undertake the necessary learning and development, with support from NHS Improvement (NHSI) and NHS England (NHSE) as the system regulators, to design our ESBT Alliance integrated care model.

2.3 This arrangement was underpinned by an Alliance Agreement which provided the framework to operate 'as if' we were an accountable care system, in order to test ways of working, configure resources more flexibly, and improve services for the population in 2017/18 and in the longer-term.

2.4 A draft impact and learning report of the ESBT Alliance test bed year is contained in Appendix 1. It provides a further context about the aim and purpose of the test bed year with our initial analysis of the progress we have made as an ESBT Alliance integrated system. This is not intended to be definitive and has been produced in draft form to enable further discussion and feedback to inform planning and proposals for strengthening the ESBT Alliance in 2018/19.

2.5 Prior to the test bed year starting, we also initiated an independent 'Accountable Care System Health Check' supported by Optimity Advisors. This involved eliciting partners' views across ten domains that contribute to the success of integrated (accountable) care, to provide a baseline of our levels of maturity as a system at that time. Phase 1 of the health check reported in May 2017 and made some recommendations for improvement, which resulted in the second phase of the health check focussing on localities. Our intention is to conduct the third and final phase of the health check in June-July 2018, to determine how far we have matured as an integrated (accountable) care system since the findings that were reported in May 2017.

3. Further developing the ESBT Alliance and integrated strategic commissioning arrangements for 2018/19

3.1 The purpose of strengthening the ESBT Alliance in 2018/19 is:

- Further enabling in-year improvements to the daily performance of quality and finances across our system;
- Securing the transformation required to put the system on a sustainable footing in the long-term (including developing the business case for future ESBT integrated care provision).

3.2 To support this in 2018/19 we have agreed that we will commission health and care together (EHS CCG. HR CCG and ESCC). Commissioning health and care in a unified way will ensure clinically led and locally accountable improvements to the health and wellbeing of our population, and a reduction in health inequalities. By commissioning health and care services through a single process to make best use of our collective resources we expect to see the following benefits:

- Services that are commissioned around individuals' needs and across the whole care pathway, and truly shift the care model away from reactive acute care to preventive, proactive care in the community;
- More integrated delivery arrangements between providers of health and care;
- Providers that are enabled to take collective responsibility for improving outcomes; and
- Coherent management of a formalised integrated health and care commissioning fund to help address a very challenging system financial context and make best use of our collective resources.

3.3 This will be supported by stronger system governance, underpinned by an integrated financial planning framework of pooled and aligned funding, to reinforce our ESBT focus on population health, reducing health inequalities and outcomes to drive improvements.

3.4 In line with this, proposals for April 2018 will focus on strengthening integrated governance and leadership of commissioning and transformation. This will cover three areas; integrated governance, leadership and financial planning arrangements, and work has taken place in recent months to develop our ideas, informed by local discussion and the learning in our test bed year. We will then be in a strong position to progress our new model of care through the development of the business case for our future ESBT integrated provider model, which is due to report in July 2018.

3.5 As well as our learning in the test bed year, our proposals need to take account of the acceleration of the STP and national plans for commissioning reform, as well as the recent report from the Care Quality Commission (CQC) Local System Review of East Sussex and the subsequent actions to address the recommendations on whole system governance.

3.6 We know that this context, in addition to the outcome of the CCGs' Assurance process (to be confirmed) will inform and influence our plans, and that our proposals will help us remain well able to incorporate the outcomes of current processes and reviews, whilst maintaining the required pace of transformation.

4. Next steps: proposals for a strengthened ESBT Alliance in 2018/19 and timetable

ESBT Governance

4.1 We have made progress mapping and reviewing the existing governance arrangements across our system, including that of our sovereign organisations' governance arrangements. The review of the role of the Health and Wellbeing Board is

due to complete by July 2018, and our consideration of ESBT governance arrangements will inform and contribute to that exercise.

4.2 ESBT governance, the relevant parts of the CQC Local System Review action plan, and the initial learning from the test bed year will be discussed at a seminar of the ESBT Alliance Governing Board on 14th March. Views will be sought on the impacts and challenges, and discussion will necessarily focus on what governance arrangements will work better for us as we implement our financial recovery plan from April 2018, pending the wider outcome of the HWB review.

4.3 The ESBT Alliance Executive will continue to meet to oversee system delivery and operationalising the ESBT system plan, and the ESBT Integrated (Accountable) Care System Development Group will continue to progress the business case for the future ESBT integrated care model. In addition, further meetings will take place of the new ESBT Locality Planning and Delivery Groups to support a clearer focus on locality partnerships and their contribution and role in system recovery.

Integrated leadership of ESBT commissioning and transformation

4.4 We will continue to put in place our proposals for integrating system leadership of ESBT commissioning and transformation in time for April 2018. This will continue to work within our existing accountabilities and within the Alliance framework. By April we will be in a position to bring together our senior CCG and ESCC Adult Social Care and Health management teams in order to begin to test a fully integrated strategic commissioning approach within our operational structures.

4.5 As previously signaled, we expect our senior responsible officer roles across health and care commissioning will increasingly begin to focus on either our core shared commissioning function or our required transformation programme, in order to offer a single point of leadership for each function whilst continuing to discharge their individual statutory accountabilities.

4.6 An example of where this is happening in shadow form is the Director of Adult Social Care and Health chairing the ESBT Integrated Strategic Planning Group, which is responsible for developing our system wide financial recovery plan for 2018/19, as well as temporarily chairing the ESBT Finance Officers Group to ensure coherence between activity and financial planning for 2018/19 within a single system plan.

4.7 Our senior teams will integrate to support this way of working and by April 2018 we will work through the alignment and integration of portfolios and work programmes. Over time our commissioning workforce will integrate as well.

4.8 Subject to requirements for consultation, where this is appropriate, by August 2018 at the latest we expect to have been able to formalise the implementation of an integrated commissioning structure, described our business infrastructure support and scoped functions that focus on tactical commissioning that will likely in the longer term to transfer to the provider function within our system. This work needs to be completed in parallel with the STP wide work so we have the right capacity for planning, commissioning and contracting across our system, and at the right level.

Integrated ESBT financial planning arrangements

4.9 As part of the agreement in July 2017 to implement a single point of leadership for commissioning, it was agreed to explore a 'whole population budget' arrangement for our whole ESBT health and social care economy to underpin integrated commissioning, through EHS and HR CCGs and ESCC bringing together our commissioning budgets so that we can work within one ESBT financial planning envelope for our c£860million resource. The potential design of this has been taken forward through discussions at meetings of the ESBT Integrated (Accountable) Care System Development Group.

4.10 It is envisaged that EHS CCG, HR CCG and ESCC will establish an 'Integrated Commissioning Fund', in order to plan and manage our total available ESBT pooled and aligned funds on a system-wide basis. This approach is based on exploration of the best way to deliver a whole population budget through learning from the emerging guidance[2] and other areas where this is most advanced[3].

4.11 In line with this and our original ESBT objectives our assumption would be that all budgets – physical and mental health; children and adults; public health and prevention, primary, acute, community, mental health, social care and some specialist services - will be within the scope of the Integrated Commissioning Fund.

4.12 The objective of creating a system-wide approach to funding our whole ESBT health and social care economy is to facilitate system-wide planning and delivery, by enabling the financial resources of EHS CCG, HR CCG and ESCC to be deployed more flexibly according to a single set of priorities, supported by coordinated management actions. The arrangement will therefore build on the ESBT Strategic Investment Plan (SIP) and assist further development of integrated service and financial plans, and will be a key part of measures to implement a new model of care.

4.13 The proposals for an ESBT Integrated Commissioning Fund includes the following elements:

- The design of the Fund as a combination of "pooled" and "aligned" funds, facilitating system-wide planning while respecting the legal limitations around pooling and delegation of functions;
- The operation of the Fund as an integral part of a suite of arrangements for integrated commissioning, alongside the integrated governance and integrated leadership structures mentioned above;
- Mechanisms to underpin the Fund's operation to be set out in a detailed Financial Framework Agreement;
- Decision-making assurance will need to be provided to regulators and external auditors.

4.13 Within the Fund there will be some budgets that are formally "pooled" (such as the Better Care Fund and Integrated Community Equipment Service). But most, at least initially, will be "aligned". This means they continue to be managed by either the CCGs or ESCC, but wherever possible they are managed collaboratively in order to achieve most

[2] Whole population models of provision: Establishing integrated budgets, NHS New Care Models team (August 2017)
[3] With thanks to City and Hackney, London

benefit. A further group are “ring-fenced” budgets which are subject to external conditions or requirements in the way they are spent. These, for example primary care co-commissioning and the public health grant, cannot be “pooled” and will continue to be planned and managed as they currently are. However, the new arrangements will enable more oversight of the total resource envelope and therefore more coherent decision-making.

4.14 The proposal will therefore be to include these within the Fund but as “aligned funds” so that joint planning and transformation can be undertaken without breaching legal or regulatory responsibilities. The Integrated Commissioning Fund should therefore best be seen as an overarching framework which facilitates the planning and management of commissioners’ funding so as to enable the transformation of the health and social care system. It will be underpinned by robust arrangements to strengthen our ESBT whole system approach to planning and delivery.

4.15 Discussions to date have also taken in the need to develop a simple approach to risk sharing, supported by a Financial Framework Agreement that describes the financial mechanisms that underpin effective operation of the agreement.

4.16 The Financial Framework Agreement describes how EHS and HR CCGs and ESCC manage their finances in order to get the most value out of our collective available resource, realising the benefits for the local population of an integrated health and care system. Together, the collective budgets will be known as the Integrated Commissioning Fund, and the Financial Framework Agreement sets out the mechanisms for integrated financial planning, including:

- Assisting the development of integrated commissioning by describing joint approaches to budget-setting, financial management and accounting, without prescribing the specific nature of pooling or risk-sharing for particular functions (enabling these on a case-by-case basis);
- Aligning the Integrated Commissioning Fund with the ESBT Alliance Agreement and financial arrangements implemented to support it, for example the Integrated Finance and Investment Plan;
- Acting as a framework for the way we do ESBT business.

4.17 The draft Financial Framework Agreement will be taken to through the governance processes of the EHS CCG, HR CCG and ESCC for approval during March and April.

5. Business case for the future ESBT integrated care provider model

5.1 Our focus on integrating commissioning and transformation of our system from April 2018, is to better enable us to commission the provision of integrated care across our system. The business case for our future ESBT integrated care provider model is due in July 2018 in line with the timetable set out in our milestone plan.

5.2 The business case is being developed in the context of our STP to set out how our integrated care provision locally can best support prevention and manage demand, as well as deliver quality services and integrated care. Reflecting our original principles and characteristics for integrated (accountable) care, the business case will consider all parts of the provider map including community, hospital, mental health and social care services for children and adults along the spectrum of primary, secondary and tertiary care.

Considerations will also include what will be core delivery for the integrated care provider model and what will be commissioned from other providers.

5.3 Our plans include stakeholder engagement to inform and co-design key elements of the business case. To support this we have undertaken a specific stakeholder analysis and scoped engagement methodology. For example co-designing citizen governance and ownership of the future delivery model, and developing the ways that the wider health and care provider system can relate to the future ESBT delivery model. The approach to stakeholder engagement will necessarily build iteratively as we go through the business case development process and more detail emerges.

5.4 Stakeholder engagement plans also include a task and finish group with GPs, the LMC, ESBT Alliance providers and others to explore the menu of options for general practice to engage with the future model as independent contractors. This is with the aim of supporting resilient and sustainable general practice as part of our future ESBT provider model. A similar task group will be established to consider how other providers including the voluntary sector will be part of how our model develops.

6. Conclusion and reasons for recommendations

6.1 Our proposals for strengthening ESBT Alliance and integrated strategic commissioning arrangements in 2018/19 remain on track, with a focus on our ESBT place based commissioning to ensure we best organise ESBT services locally to meet our population health and care needs, as well as contribute effectively and flexibly within the wider STP framework.

6.2 Alongside the learning from our test bed year, the forthcoming high level reviews of the HWB and STP arrangements, national plans for commissioning reform and the CCG assurance process, will inform and influence our proposals to strengthen the ESBT Alliance and integrated commissioning and financial planning in 2018/19. Our proposals must enable us to incorporate the outcomes of current processes and reviews, whilst maintaining the required pace of transformation.

6.3 The ESBT Strategic Commissioning Board is recommended to

- **Note** and **discuss** the shared learning from the test-bed year of the ESBT Alliance, and the implications for strengthened governance and leadership of the ESBT Alliance to deliver improvements to quality and finances in 2018/19, focussing initially on integrating commissioning for April 2018;
- **Note** the current review of ESBT Alliance governance and the proposed review of the Health and Wellbeing Board and place-based governance (as recommended in the CQC Local System Review);
- **Discuss** the proposed arrangements for Eastbourne Hailsham Seaford Clinical Commissioning Group (EHS CCG), Hastings and Rother Clinical Commissioning Group (HR CCG) and East Sussex County Council (ESCC) to lead health and social care commissioning and transformation for our ESBT system together, and manage financial planning as a single process;
- **Note** the progress being made to develop the business case for our future ESBT integrated care provider model to achieve a sustainable health and care system by 2020/21, and the plans to engage with our key stakeholders.

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BACKGROUND DOCUMENTS

Appendix 1: Draft ESBT Alliance Test Bed Year 2017/18 Impact and Learning Report