



Governance of New Care Models: PACS Examples from the Vanguard

Briefing Paper

1 Introduction

The 23 vanguard sites chosen to develop the multispecialty community provider (MCP) and primary and acute care system (PACS) new care models have been working to pool budgets and integrate services more closely. Some are continuing to use informal partnerships, but others are opting for more formal governance arrangements. Commissioners are grappling with how to contract for the new systems, while providers are exploring how to work together within emerging partnerships, how to allocate funding, and how to share risk and rewards

To support consideration of our options for the future ESBT delivery vehicle, this briefing paper looks at three different approaches being taken by some of the PACS vanguards to contracting, governance and other organisational infrastructure. In the case of PACS, many commissioners are considering contracting with a local hospital trust, or a partnership between a hospital and other providers, to hold a population budget and manage the system. Few commissioners have been interested in engaging an 'integrator' organisation that would hold the population budget and coordinate the contributions of different providers but would not have managerial control of services or established relationships with providers¹.

This paper focuses on developments in three areas chosen as examples to give a flavour of the different approaches being taken: Mid Nottinghamshire Better Together Alliance; Torbay & South Devon NHS Foundation Trust Integrated Care Organisation; and Northumberland - Building a Caring Future.

2 Mid Nottinghamshire Better Together Alliance

The Mid-Nottinghamshire Better Together Programme was established in 2013, and is a partnership between Ashfield and Mansfield Clinical Commissioning Group (CCG), Newark and Sherwood CCG, Nottinghamshire County Council (NCC), seven NHS health providers and voluntary sector partners. An Alliance Agreement contract was agreed from April 2016, entering the partners into a contractual joint venture.

The Alliance is made up of three main elements:

- i. the collaborative partnership and governance system
- ii. transparency on the respective local budgets for the CCGs and NCC
- iii. how the money is spent. This includes elements of the CCG contracts with health provider Alliance Members being linked into the Alliance contract, starting to be developed into outcome based capitated contracts. The CCG and NCC also have other contracts that currently sit fully outside of the Alliance Agreement. Alongside this sits the Council's system for assessing eligibility for and allocating personal budgets for people's individual care and support packages. This includes the option of people taking the money in the form of a Direct Payment to purchase their own services. During the transition phase a selection process will be undertaken to select key social care providers who have a contract with the Council, to join the Alliance.

The CCG plans to link the contracts it holds with the seven potential participating health providers into the Alliance contract, with a commitment to develop and implement new

¹ Kings Fund, *New care models – emerging innovations in governance and organisational form*, Oct 2016, p.4

payment mechanisms using outcomes based capitated contracts. The work is in its very early stages and is one of the main areas for the Alliance to develop further in the transition phase. The Council will not be changing the care and support contracts it holds with social care providers to a capitated model because this does not offer the ability to give individuals who have been assessed as eligible for social care a Personal Budget or Direct Payment. The CCG holds other contracts with providers who are not in the Alliance. These, as well as the Council's single and jointly commissioned contracts, currently sit outside of the Alliance.

The Council will not have to change any of its current commissioning arrangements or contracts due to becoming an Alliance Member but will be obliged where possible to review those contracts and consider how they might become a part of the Alliance arrangements, in line with the Alliance principles. As contracts become due for renewal the Council will continue to be able to consider whether there is benefit to increasingly integrated arrangements with the CCGs and/or other partners, what type of contract is most appropriate and how to achieve strategic countywide economies of scale whilst meeting local objectives.

In addition to the 2 CCGs, the partners who are considering signing the Alliance agreement contract are the seven health providers that were selected following a Most Capable Provider process by the CCGs: Central Nottinghamshire Clinical Services, Circle Nottingham Ltd., East Midlands Ambulance Service, Nottinghamshire Healthcare NHS Foundation Trust, Nottingham University Hospitals NHS Trust, Sherwood Forest Hospitals NHS Foundation Trust, United Lincolnshire Hospitals NHS Trust and the voluntary sector Mid-Nottinghamshire special purpose vehicle 'Together Everyone Achieves More' (TEAM). TEAM was established to enable the value of the 3rd Sector to help shape service transformation and is not itself a provider of services.

There is a commitment to secure the engagement of General Practice in mid-Nottinghamshire within the Alliance; this reflects the significant role of General Practice as a provider of care and support and the key role it can contribute to achieving many of the Better Together objectives. The involvement of General Practice in the Alliance is contingent upon the establishment of a collective federated body or bodies with authority and legitimacy to make binding decisions on behalf of General Practice.

No social care providers are currently signed up to the MoU or part of the Alliance. The Council is preparing to carry out an assessment exercise to identify any provider or providers of the social care services who could sensibly become an Alliance participant. District Councils are not currently signed up to the MoU or the Alliance, however, discussion regarding the options are planned.

3 Torbay & South Devon NHS Foundation Trust

The Torbay Care Trust was formed in 2005, when Torbay Care NHS Trust and Torbay Council entered into an Annual Strategic Agreement (ASA) for the Care Trust to provide Adult Social Care services. This led to the creation of a fully-integrated health and social care trust, which had responsibility for both the commissioning and provision of integrated community health and social care services to people in the Torbay area. Vertical integration with the foundation trust began to be explored once the horizontal integration of community services had been secured.

In October 2015, following a procurement process, the Torbay & South Devon NHS Foundation Trust was awarded the contract and launched as the first Integrated Care Organisation (ICO) in the country to bring together acute, community and social care services to form a single provider organisation delivering health and social care to a local population of 375,000 people. The ICO works to provide a set of agreed outcomes based on a new model of care, through a pool of available resources.

The ASA now contains the NHS commissioner and provider elements and the final savings plans and performance required for 16/17, and outlines what outcomes will be delivered within the financial envelope agreed. Specifically for the Council, it also gives transparency to the delivery of Adult Social Care services on behalf of the Council.

A risk-share agreement is in place, the purpose of which is to facilitate the development of integrated health and social care and secure the quality of services and facilitate the changing the model of care through creating a stable financial environment for multi-year investment and aligned financial incentives. The agreement has been completed with parties from South Devon and Torbay CCG, Torbay Council, South Devon Healthcare Foundation Trust and Torbay and Southern Devon Health and Care Trust. This has included oversight from the non-executives and Governors from the Care and Foundation Trusts, the Governing Body of South Devon and Torbay CCG and the Mayor from Torbay Council.

4 Northumberland - Building a Caring Future (SPV)

Commissioners and providers in Northumberland have a long history of partnership working. A care trust was set up in 2002, with most of the council's adult social care functions delegated to it. Since 2011 operational functions have been delegated to Northumbria Foundation Trust, while the council and the CCG have worked closely together as commissioners, with arrangements including delegation of NHS Continuing Health Care commissioning to the council.

The commissioners started working with Northumbria Foundation Trust and other partners to develop these arrangements further with the aim of establishing an accountable care organisation that would oversee the full range of health and care services for adults. Under the new arrangements, the CCG will transfer its funding for most core NHS services to an accountable care organisation, which will operate as a partnership between Northumbria Foundation Trust; Northumberland, Tyne and Wear NHS Foundation Trust; the mental health provider, and other providers. Northumbria Foundation Trust will hold the formal contract, but it will be managed through a type of partnership arrangement with the other providers. The delegation of the council's operational adult social care functions to Northumbria Foundation Trust will continue.

The accountable care organisation will make all 'tactical' decisions about the deployment of health resources, effectively taking over many of the detailed tasks currently carried out by the CCG. A 'strategic' commissioning function will remain outside the accountable care organisation. This will be supported by a joint strategic commissioning unit hosted by the council and reporting to the statutory CCG board on NHS commissioning and to the council on social care commissioning. Funding for partnership arrangements between the CCG and the council, such as the integrated commissioning of Continuing Health Care commissioning, is expected to remain outside the contract for the accountable care organisation.

Primary care leaders in the county are debating which of five organisational form options could most effectively serve to support their role in the accountable care organisation from April 2017 and will conclude these deliberations later this year. There are no immediate plans to include core primary care in the accountable care organisation's pooled budget.

Commissioners are in the process of developing an outcomes framework as a basis for monitoring and incentivising performance within the new system (rather than using financial incentives). Finally, commissioners plan to establish a small joint commissioning unit within the council to make best use of commissioning resources, while transferring tasks such as contracting with and overseeing individual services to Northumbria Healthcare.

Table 1: Summary of approaches taken at the three vanguard sites

	Mid-Notts Better Together Alliance	Torbay & South Devon NHS Foundation Trust	Northumberland SPV
Scope of services in integrated system	<ul style="list-style-type: none"> Acute hospital, community health, social care Maternity and paediatric care 	<ul style="list-style-type: none"> Acute hospital, community health, mental health, social care 	<ul style="list-style-type: none"> Acute hospital, community health, mental health, social care Core primary care not included at present
Budgets and payments	<ul style="list-style-type: none"> Commitment by all parties to move towards an outcomes-based capitated budget covering the vast majority of services for the population 	<ul style="list-style-type: none"> The integrated care organisation manages the combined budget 	<ul style="list-style-type: none"> Plan to transfer a whole population budget to a host provider to manage within an alliance of partners
Contracting process	<ul style="list-style-type: none"> Under consideration 	<ul style="list-style-type: none"> A procurement process was held to establish the new provider – Torbay & South Devon NHS Foundation Trust – to merge with the existing Care Trust 	<ul style="list-style-type: none"> CCG has published a prior information notice with intention of negotiating contract with a host provider foundation trust
Contract duration	<ul style="list-style-type: none"> 3 years with option to extend for a further 7 years 	<ul style="list-style-type: none"> An initial term of 5 years, leading to a 3 year contract renewed annually on a rolling basis beyond the first 5 years 	<ul style="list-style-type: none"> 10 years
Likely incentives	<ul style="list-style-type: none"> Full members can share the risks and rewards from joint activities 	<ul style="list-style-type: none"> Risk share agreement is in place 	<ul style="list-style-type: none"> Northumbria Healthcare NHS Foundation Trust and partners likely to be able to invest savings from good performance
Agreed or likely organisational structure	<ul style="list-style-type: none"> Will manage virtual managed care organisations through an alliance agreement and governance arrangements Envisage more substantial changes in the longer term as the group builds experience of working together 	<ul style="list-style-type: none"> Torbay & South Devon NHS Foundation Trust is providing social care under contract from the local authority, community and acute health services 	<ul style="list-style-type: none"> Northumbria Foundation Trust to hold budget on behalf of the accountable care organisation partnership, which will deliver acute, community and social services
Population size	<ul style="list-style-type: none"> 310,000 	<ul style="list-style-type: none"> 375,000 	<ul style="list-style-type: none"> 322,000