

<b>Committees</b>	<b>Dated:</b>
Health and Wellbeing Board – For information Health and Social Care Scrutiny – For information Policy and Resources – For decision Community and Children’s Services – For decision	By email 16 February 2017 16 February 2017 17 February 2017
<b>Subject:</b> Integrated Commissioning for Health and Social Care	<b>Public</b>
<b>Report of:</b> Acting Director of Community and Children’s Services	<b>For Information</b>
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## Summary

In autumn 2016, Members of the London Borough of Hackney and the City of London Corporation, along with the NHS City and Hackney Clinical Commissioning Group (CCG) Governing Body, agreed to explore the benefits of an integrated commissioning model, which is part of the Hackney devolution business case and is the local delivery mechanism for the North East London Sustainability and Transformation Plan (NEL STP).

In summary, the model is built on an Integrated Commissioning Fund and the establishment of an Integrated Commissioning Board, who will make decisions on services to be commissioned using the Integrated Commissioning Fund. The fund includes a pooled budget made up of health, adult social care and public health funding.

The Integrated Commissioning Board will consist of Members of the City of London Corporation, along with Members of the Clinical Commissioning Group Governing Body. There will also be Senior Officers from the City of London and the CCG in attendance in an advisory capacity. A Transformation Board will also be established, consisting of Officers from the London Borough of Hackney, the City of London Corporation and the CCG, who will make recommendations to the Integrated Commissioning Board(s). The Transformation Board will be responsible for delivering the Locality Plan, which forms the basis of the commissioning strategy for integrated commissioning. There will be a number of workstreams that sit beneath the Transformation Board to do much of the practical work.

The legal agreement for establishing this model will be a Section 75 (s75) agreement which allows health and local authority funding to be pooled. It will include a financial framework, which sets out the general rules and scope for the management of and expenditure of funds that make up the Integrated Commissioning Fund.

This paper sets out the detail of proposals to establish integrated commissioning arrangements for health, social care and public health across City and Hackney from 1 April 2017.

## **Recommendations**

Members are asked to approve:

- The establishment of integrated commissioning arrangements for the City of London Corporation and City and Hackney Clinical Commissioning Group as set out in this report
- The establishment of an Integrated Commissioning Sub-Committee of the Community and Children's Services Committee
- The establishment of the Transformation Board
- The funding arrangement to pool budgets

Members are asked to delegate authority to the Town Clerk (in consultation with the Chairman and Deputy Chairman of the Community and Children's Services Committee) to:

- Agree the membership and terms of reference of the Integrated Commissioning Sub-Committee
- Recommend consequential amendments to the terms of reference of the Community and Children's Services Committee to the Court of Common Council

Members are asked to delegate authority to the Director of Community and Children's Services (in consultation with the Chairman and Deputy Chairman of the Community and Children's Services Committee) to:

- Enter into the necessary Section 75 agreement(s) on such terms as he considers appropriate
- Finalise all other necessary arrangements

## **Main Report**

### **Background**

1. Health and social care partners across City and Hackney share an ambition to improve health outcomes for local people by commissioning and delivering services across organisations in a more joined up / integrated way that makes the most of our shared investment at a time when public sector funding has experienced significant reductions and increasing budgetary pressures. This is the ambition for the devolution pilot being undertaken by the London Borough of Hackney and City and Hackney CCG.
2. Following the publication of the NHS Five Year Forward View in 2014, local areas are required to produce Sustainability and Transformation Plans (STPs) to show how health and social care organisations, known collectively as systems, will work together to tackle issues of financial sustainability, quality of care and health inequalities. City and Hackney is part of the North East London STP and the local devolution pilot forms part of the plan being recognised as the delivery system for the STP ambitions in Hackney and the City.

3. Locality Plans set out how the ambitions of the STP will be delivered by local systems and what improvements will be delivered for local people. The City and Hackney locality plan, developed by City and Hackney CCG, in partnership with London Borough of Hackney and the City of London Corporation, is built around four locally-agreed priority areas:
  - Children and Young People
  - Prevention
  - Planned Care
  - Unplanned Care
4. The development of fully integrated commissioning across health, social care and public health locally is the proposed mechanism for delivering the wider aims of partners around integration, achieving the locality plan and creating a vehicle that demonstrates both our local contribution to, and delivery of, the STP.
5. The City of London Corporation is not formally part of the devolution pilot, but City and Hackney CCG is keen to establish integrated commissioning arrangements with the City of London Corporation to mirror the arrangements in Hackney, ensuring an equitable approach across the CCG area.
6. Previous papers and presentations to Members and the CCG Governing Board outlined some of the opportunities, benefits and potential risks of an integrated commissioning model.
7. Further detail on the proposal is set out below. The proposal has been developed by a steering group consisting of senior officers from the CCG, the London Borough of Hackney and the City of London Corporation. Legal advisers, finance and governance officers and commissioning staff have helped to shape these proposals.

## **Current Position**

### **The Integrated Commissioning Arrangements**

8. The integrated commissioning arrangements are built around two separate commissioning boards - a Board for the London Borough of Hackney and one for the City of London. Each Board will include Members from these organisations, along with members of the CCG governing body. There will also be Senior Officers from the organisations in attendance in an advisory capacity.
9. An Integrated Commissioning Fund, consisting of a pooled budget and an aligned fund (funds that cannot legally be pooled, or which partners are not yet ready to pool) will be established for each Board and documented within a s75 Agreement supported by a Financial Framework.
10. Commissioning for core GP services will be outside of these integrated commissioning arrangements and will be discharged by a formal committee of the CCG. However the Transformation Board and the Integrated Commissioning Boards will provide a steer and recommendations to the CCG Committee.

11. The Locality Plan will form the basis of the Commissioning Strategy for integrated commissioning. Formal leadership arrangements are being established around the four priority areas of the Locality Plan to review current plans and services, identify areas for improvement and test out their potential impact. Pooled funds will be aligned with each of these priority areas. Each workstream will report to the Transformation Board, who will make recommendations to the Integrated Commissioning Boards for decision.
12. In the first year of operation, 2017-18, the integrated commissioning model will be based on existing contracts and service delivery. During that first year, the four workstreams will begin to identify where commissioning and services may change in order to better meet local needs, improve outcomes and deliver the aims of the locality plan.
13. The arrangements will initially include health, adult social care and public health. Children's social care will be considered for inclusion during 2017-18.

## **Governance**

### *Transformation Board*

14. The current Transformation Board is made up of system leaders (providers and commissioners) who are responsible for developing and delivering improvement plans in relation to the devolution pilot.
15. From April 2017, it will form part of the governance arrangements for integrated commissioning, providing advice and recommendations to the two Integrated Commissioning Boards and taking responsibility for local delivery and implementation across the provider landscape.

### *Integrated Commissioning Boards*

16. The legislation currently provides for the CCG and its partner local authorities to form joint committees to take responsibility for the management of partnership arrangements. However, a restrictive view has been taken that the current wording of the legislation does not allow a joint committee to take commissioning decisions and confines it solely to an oversight role. A joint committee with the CCG is not therefore being proposed at the present time. It is understood that amendments to the legislation are currently being considered centrally, in which case it may be possible for a joint committee arrangement to be revisited in the future.
17. It is instead proposed that each Integrated Commissioning Board will initially function through 'committees in common' established by City and Hackney CCG and either the City of London Corporation or London Borough of Hackney. The members of the Board will have delegated authority from the CCG and London Borough of Hackney or City of London Corporation respectively to take decisions.
18. It is proposed that the City of London Corporation will establish an Integrated Commissioning Sub-Committee of the Community and Children's Services

Committee, made up of three Members, and the CCG will establish its own Integrated Commissioning Committee, also made up of three members. These two separate bodies would meet to make their own decisions on matters delegated to them by the City and the CCG respectively, in the normal way. However they would meet at the same time and location, and each take an individual decision on the same question. They shall be known together as the 'Integrated Commissioning Board'.

19. Each Integrated Commissioning Board will make decisions together on the use of the pooled budget on behalf of the statutory organisations. For aligned funds, the Board members will decide on the strategy and make recommendations to either the CCG Governing Body, London Borough of Hackney, or the City of London Corporation for a formal decision. The Integrated Commissioning Boards will receive recommendations from the Transformation Board, which has responsibility for delivery of the Locality Plan.
20. The Scheme of Reservation and Delegation for each of the three organisations will set out the respective reservations and delegations to the relevant Integrated Commissioning Board. Each organisation retains responsibility for their statutory responsibilities and will therefore hold the relevant Integrated Commissioning Board to account for operating within the schemes of delegation.
21. The Integrated Commissioning Boards for the London Borough of Hackney and the City of London will meet separately. However, when discussing common issues, strategies or recommendations, the two Integrated Commissioning Boards will meet together.
22. As part of the Hackney devolution business case, there is an ask to amend the legislation to allow full pooling and to remove the distinction between the pooled and aligned budgets. The timescale for a decision on this is unclear. However, the arrangements would need to be considered from 2018 should legislation be passed to permit further pooling.

## **Section 75 and Financial Framework**

23. For each Integrated Commissioning Board there will be an Integrated Commissioning Fund which will be made up of two parts, a pooled budget and an aligned budget.
24. The pooled budget will initially be made up of CCG, adult social care and public health resources, where there has been agreement to pool these resources to deliver integrated commissioning and the locality plan. It will also include the Better Care Fund (BCF). It will be governed by a s75 agreement including a schedule setting out the financial framework.
25. The aligned budget will be made up of the budgets that cannot legally be pooled or budgets where partners are not yet ready to pool, but want to work collectively to plan their use.

26. It is proposed that the London Borough of Hackney and the City of London Corporation will include all their Adult Social Care and Public Health commissioning and some staffing resources. Public health funding for workers will be included. The health funding which comes from CCG will relate to those patients who are registered with the Neaman Practice which is part of City and Hackney CCG. Components of Children's services will be included in the model at a later date, subject to a formal decision-making process. For the CCG, all funding will be included in the pooled budget, apart from a number of services that have to be legally excluded and will sit in the aligned budget. The City of London Corporation and London Borough of Hackney will place income from chargeable services in their aligned budgets.
27. The estimate for the City Pooled fund is £16 million, comprising £6 million from the City of London Corporation and £10 million from the CCG. The estimated aligned fund for the City is £5 million from the CCG and £270,000 from City of London Corporation.
28. The Financial Framework for each of the Integrated Commissioning Boards sets out the general rules and scope for the management and expenditure of funds that make up the Integrated Commissioning Fund. The s75 and financial framework details which budgets are included and whether they are pooled or aligned. The financial framework is agreed each year by the three statutory organisations.
29. The framework also sets out the requirements and makes provision for governance and accountability of:
- The Integrated Commissioning Fund
  - The formal scheme of delegation
  - Financial planning and management responsibilities
  - Budget setting and budgetary control
  - Performance Management
30. It is proposed that the London Borough of Hackney and the City of London Corporation respectively will be the host partner for the relevant Integrated Commissioning Fund. As a minimum, the host partner will deliver regulatory requirements set out in the NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000 around accounts and audits, managing a pooled fund and reporting.
31. There will be a small team who will support the new integrated commissioning arrangements on behalf of the partners. There will be a Finance Task and Finish Group comprising of the partner appropriate Financial Officers who will oversee the monthly integrated reporting. There will also be a governance manager for the Integrated Commissioning Boards and the Transformation Board and an Integrated Commissioning Programme Director who will manage the business flows within the new arrangements.

## **Legal Framework**

32. Section 75 of the National Health Service Act 2006 and the NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000 enable local authorities and NHS bodies to enter into partnership arrangements to provide a more streamlined service and to pool resources, if such arrangements are likely to lead to an improvement in the way in which their functions are exercised.
33. This allows NHS bodies to exercise health-related functions of local authorities, and local authorities to exercise NHS functions, in prescribed circumstances. It also allows the provision of staff, goods, services or accommodation between partners. Partners may not enter into partnership arrangements unless they have consulted jointly such persons as appear to them to be affected by such arrangements.
34. There will be a separate s75 agreement for each of the pooled funds and each will set out, amongst other things, the Commissioning Strategy for the use of the funds and the details of the financial framework in relation to issues such as risk share arrangements and overspends / underspends. Each s75 agreement will be a two-year agreement with a break clause after one year.

## **Engagement and Consultation**

35. To date the engagement with external stakeholders, including patients, provider and the public includes:
- Four Quadrant engagement events in December 2016 facilitated through Healthwatch
  - Consultation via representatives on the Transformation Board
  - Articles in the Healthwatch newsletter
  - Providers' engagement event
36. There have also been internal communications and engagement, including staff briefings, presentations and an event for commissioners across the three organisations.

## **Options**

37. The two main options are to enter into integrated commissioning arrangements with City and Hackney CCG, or not. An analysis of the two approaches is set out below.

### ***Entering into an integrated commissioning model***

38. This model offers a number of potential opportunities for the City of London Corporation. It would provide:
- a City of London-based model responsive to City of London needs
  - a dedicated focus on City residents and their needs, with an identified health

budget separate from the budget for Hackney

- more integrated services for most City of London residents, reducing current complexities
- governance arrangements that give the City of London Corporation equal representation with City and Hackney CCG
- a more direct line between the ambitions of the Health and Wellbeing Board and how these are delivered locally
- separate pooled budgets that would provide protection from City funds being lost in a larger pooled budget across the City and Hackney, or being drawn into broader financial issues across North East London. Integrated contracting and procurement models should result in more efficient delivery and offer the opportunity of longer-term cost savings
- more aligned plans across the CCG and City of London Corporation to allow the two organisations to make the best use of their budgets and powers to secure improved outcomes and more joined-up services.

39. There are also some potential risks associated with these arrangements:

- The integrated budget would only cover residents registered with The Neaman Practice, which is part of City and Hackney CCG. The existing issue of linking up with Tower Hamlets services and other providers would remain. However, discussions will take place about extending the scheme across other CCGs once any arrangements had been set up.
- The issue of City workers has been raised. The City of London Corporation has public health responsibilities for this group but City and Hackney CCG does not. City workers have been included in the terms of reference for the City Integrated Commissioning Board, but clarifying the decision-making process within integrated commissioning for the public health schemes for City workers will need to be addressed.
- There would be a potential loss of direct control over some of our social care and public health budgets, although the scheme of delegation for the Integrated Commissioning Board addresses this.
- The CCG funding within the pooled budget would be higher than that from the City of London Corporation.
- Appropriate disaggregation of funding and savings made from the CCG for City residents is necessary. The CCG is keen to ensure a clear City budget but recognises it will be difficult to get this right on day one, given the need to disaggregate existing contracts. Therefore, there has been agreement that the pooled budget could be reviewed in the light of experience.
- The impact of managing and resourcing additional governance structures would need to be addressed. This is currently being worked through.

Some services would still need to be jointly commissioned with the London Borough of Hackney and governance arrangements have been put in place to oversee this.

### ***Not entering into an integrated commissioning model***

40. Not entering into the integrated commissioning arrangements would ensure that the City of London Corporation keeps sole control of its own social care and public health budgets, but there are risks with this approach:

- Wider reconfiguration of health services in North East London could impact on City residents with less opportunity to influence change. An integrated commissioning model mitigates against this risk.
- No further integration of services and continued complexity of offer for all current City residents and service users.
- Hackney devolution likely to continue and alternative arrangements for the City put in place unilaterally.
- Loss of focus on the City of London Corporation as a stand-alone entity and a missed opportunity to plan together for the City.
- Reputational risk if the City of London Corporation is not seen as supporting devolution initiatives in line with good practice.
- Potential loss of a local commissioning focus if health and social care integration is focused on the wider STP footprint.
- Exclusion from more innovative ways of commissioning and delivering services.

### **Proposals**

41. This report recommends Members give approval to enter into a single integrated commissioning model with City and Hackney CCG.

42. Entering into a single integrated commissioning model offers the City of London Corporation the opportunity to:

- commission more integrated services to residents, ensuring a better patient experience
- have a bespoke City of London-focused commissioning model for health and social care
- align with current best practice and direction of travel.

43. Although there are potential risks for the City of London Corporation in adopting this model, discussions about the governance arrangements and financial framework have provided the opportunity to mitigate the risks.

44. There has been some successful joint commissioning between the City of London Corporation and London Borough of Hackney previously. This latest project represents an evolution and, subject to joint governance being managed, the joined-up service should increase efficiency.

## **Corporate & Strategic Implications**

- 45. KPP3 of the Corporate Plan focuses on engaging with London and national government on key issues of concern to our communities, such as transport, housing and public health. This includes the NHS and public health reforms.
- 46. Health and social care integration is an action of the Department of Community and Children's Services Business Plan.
- 47. Health and social care integration is a priority in the Joint Health and Wellbeing Strategy.

## **Implications**

### ***Legal implications***

- 48. Contained within the body of this report.

### ***Financial implications***

- 49. Entering into any kind of pooled budget arrangement exposes the City of London Corporation to a level of inherent financial risk that would otherwise not exist, particularly around City funds not being used for the purposes and outcomes desired by the City, or the City becoming liable for the financial obligations of others. To mitigate these risks, the City of London Corporation will enter into a formal s75 agreement and supporting financial and governance framework. These clearly set out the scope of the pooled budget, the ground rules for its use and the treatment and responsibility for overspends, as well as address how conflicts in budget-setting priorities will be settled.
- 50. The Integrated Commissioning Board will only be able to operate within the scheme of delegation agreed by the City of London Corporation and the CCG, as both would retain ultimate statutory responsibilities.
- 51. The Chamberlain has been consulted regarding any VAT risk that might arise from the integrated commissioning arrangements. In the first year, the City will only be commissioning services that are the statutory responsibility of local authorities and will be able to fully recover any VAT incurred under the local authority VAT regime.
- 52. The City may have responsibility for commissioning a mix of local authority and NHS services in subsequent years. Further advice will be sought from the Chamberlain and our tax advisors at the appropriate time to ensure there are no adverse VAT implications arising from these arrangements.

### ***HR implications***

- 53. As one of the lead commissioners, appointment to posts will need to adhere to City of London Corporation standing orders and employment policies including safeguarding requirements as appropriate.

### ***Procurement implications***

54. The Procurement Team has been consulted on the proposals in this paper. The detail of how this will work is to be developed and agreed. Procurement will be involved in these discussions.

### ***Equalities Implications***

55. A Test of Relevance has been carried out on the proposed integrated commissioning model and has not identified any negative impacts on any particular protected characteristic under the Equality Act 2010. As a result, a full impact assessment has not been carried out.

56. As the integrated commissioning arrangements develop and existing services potentially change or new ones develop, specific tests of relevance would be undertaken.

### **Conclusion**

57. The context for commissioning health and social care services is changing in response to increasing financial pressures and rising demand.

58. City and Hackney CCG has proposed to develop an integrated health and social care commissioning model with the City of London Corporation. This would bring together health and local authority funding from adult social care and public health and jointly deliver locally agreed priorities, which would be set out in a legal agreement.

59. This paper recommends to Members that the City of London Corporation agrees to enter into integrated commissioning arrangements with City and Hackney CCG. Although there are some potential risks, there are also a number of opportunities. Further discussions around governance and the scope of local authority funding contributed to the pooled budget aim to mitigate some of these risks.

### **Background Papers**

Report to Community and Children's Services Committee 18 November 2016

<http://democracy.cityoflondon.gov.uk/documents/s71405/Integrated%20Commissioning%20Model%20Grand%20Committee%20Report%20FINAL%20AM.pdf>

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