CABINET
1 JULY 2014

ITEM NO. .....

PARTNERING WITH THE DARLINGTON CLINICAL COMMISSIONING GROUP

Responsible Cabinet Member - Councillor Bill Dixon, Leader

Responsible Director - Chief Officers Executive

SUMMARY REPORT

Purpose of the Report

1. To update Cabinet on work on a model of partnering with Darlington Clinical Commissioning Group (DCCG), and to seek approval to take forward the first phase of the proof of concept

Summary

2. A Proof of Concept review has been undertaken to explore the scope for improved health outcomes and release of efficiency savings from integration of functions of the Council and DCCG. The work has identified potential to achieve these objectives, with progress possible within both the short and longer term. While both organisations would remain as separate sovereign bodies with their own governance, it is envisaged that savings could be released from shared management, commissioning and support services, and from effective integrated commissioning of services. Better outcomes for people would come from the single approach to planning and commissioning of services, with the resident at the heart of the process.

3. The Better Care Fund (BCF), which anticipates the release of funding from current mainly hospital services to support redesigned provision in other settings, is a central element to the type of programmes and approaches envisaged. The BCF is a Government-sponsored programme and Darlington's submission has been praised for the degree of joint working across health, social care and the voluntary sector. Delivery of the programme and release of the funds will nevertheless be extremely challenging and requires the sort of integrated approach to commissioning [planning and funding] services and effective leadership envisaged within a strong strategic partnership between DCCG and the Council.

4. The report proposes that the Council and the DCCG progress a partnership around commissioning as a first phase, to improve health outcomes and efficiency, and to support delivery of the BCF transformation programme. Progress beyond the initial phase will be considered as the partnership develops, with future approvals subject to further decisions by both organisations. The proposal fits well within national and local policy context and is facilitated by recent changes to governance and

financial regimes.

5. To support the initial phase of partnering, the report requests the approval of a new post, of Director of Commissioning, to replace the existing Director of People Services with other structural changes which flow from this development. This post will provide 'leadership' for the new ways of working in the commissioning of care and services between the CCG and the Council in Darlington. It is further proposed to create a joint post of Assistant Director (Service Transformation) to drive delivery of the service changes within the BCF. There are no additional costs to the Council in respect of these changes.

Recommendation

6. It is recommended that Cabinet :-

   (a) Approve the Proof of Concept on partnering with DCCG, and authorise continued work to develop the implementation model.

   (b) Request that Council agree to create, a new post of Director of Commissioning to replace the Director of People Services; the redesignation of the Assistant Director (Commissioning) to the Assistant Director (Transformation); the redesignation of the Assistant Director Children Services to Service Director – Children Services; the redesignation of the Assistant Director (Chief Executive) to the Assistant Chief Executive all at the grades detailed in the report.

   (c) Agree the appointment of Murray Rose to the post of Director of Commissioning until 31 March 2016, and his early retirement from that date.

Reasons

7. To ensure progress in delivering the Council's vision and Medium Term Financial plan, and to enable the Council to contribute to the wider goals of the Darlington Partnership.

Chief Officers Executive

Background Papers

No background papers were used in the preparation of this report

Paul Wildsmith/Ada Burns : Extension 2010
TAB

S17 Crime and Disorder	The report details integration between the two organisations which will have wider ranging benefits for service delivery in the future but there are no specific impacts on Crime and Disorder detailed in the report.
Health and Well Being	The report details integration between the two organisations which will have wider ranging benefits for delivery of health and social care in the future but there are no specific impacts detailed in the report.
Carbon Impact	The carbon impact of the report is limited.
Diversity	There are no specific diversity impacts resulting from this report.
Wards Affected	The report impacts on all wards equally
Groups Affected	The report impacts on all groups equally.
Budget and Policy Framework	The report does not impact on the overall budget and policy framework.
Key Decision	This is a key decision
Urgent Decision	This is not an urgent decision
One Darlington: Perfectly Placed	The integration detailed in the report is designed to support the delivery of the strategy.
Efficiency	The integration is intended to facilitate the achievement of the efficiencies across the two organisations as detailed in paragraph 27.

MAIN REPORT

Strategic Context – Darlington

8. There is a growing debate nationally on the huge challenge facing health and social care in responding to an ageing population, the impact of new treatments, and public expectations. This challenge is all the more acute because of the deficit and spending reduction programme being implemented by the Government.

9. The challenge is feeding through to the planning process for both the DCCG and Borough Council, where both organisations have recognised that incremental change or informal partnerships will not square the circle between rising demand and falling resources.

10. In the case of the Borough Council, the Medium Term Corporate and Financial Plan establishes a vision and financial plan for Darlington that focuses on achieving three conditions that will enable Darlington to respond to the challenges it faces; these are :-

    (a) Building Strong Communities
    (b) Growing a Strong Economy
    (c) Spending every pound wisely

11. The “spending every pound wisely” condition includes a key element around joining up public sector spending by sharing and jointly commissioning services. Specifically mentioned within the report are opportunities for integration with the DCCG.

12. This goal recognises the challenges for both the Council and the CCG of serving a relatively small population, together with the opportunities for making a better impact on outcomes from joint planning, commissioning and public engagement.

13. Both organisations, as members of the Darlington Partnership are committed to One Darlington Perfectly Placed, with its vision for a thriving borough where people are not disadvantaged by place of birth, or other characteristics. A number of the Strategies key outcomes – every child has the best start in life, people are healthy and independent, people receive the right support when they need it – will rely on the combined efforts of health and local authority services.

14. The fundamental principle for joint work is the recognition that very significant and growing proportions of the budget for both organisations is spent on the same group of people, often with complex, long term needs. The separate commissioning of support and services to respond to the needs of individuals in this population is often perceived to be not in the best interests of recipients nor is it efficient. It leads to confusion, disagreements around funding, and for the resident, wasted time seeing many different professionals who all require the same information.

15. This proposition has been tested in a proof of concept, which has as a starting point, a recognition that both organisations will remain as separate sovereign bodies.

16. The proof of concept concludes that the delivery of shared priorities can be improved by :-

    (a) Planning Services and intervention together, with the person at the centre.

    (b) Use of all resources to maximise outcomes for people.

    (c) An offer of seamless care and support where this is needed.

    (d) Using public health alongside core Council activities to encourage healthy lifestyles.

    (e) Refocusing funding to prevent illness and accidents

    (f) By putting in place early interventions to “catch problems” early

    (g) To use funding to promote independence

Strategic Context - National Policy

17. The Health and Wellbeing Board has approved the Better Care Fund (BCF) which approved the development of a joint fund of £7.8m by 2015/16 to deliver integrated care and services between the DCCG and the Council. The BCF has been established as a direct result of government policy to transform health and social care by moving funding from "treatment" to "prevention" in different settings that offer the best outcome for people and reduce costs in the acute services (mainly hospitals).

18. The BCF provides evidence of intent from Government, and a strong driver for closer integration at a local level. The proposals within this report clearly support the national policy context.

Proof of Concept

19. It is appropriate to undertake a high level proof of concept at the initial stage of integration to :-

    (a) Estimate the opportunities for efficiency

    (b) Understand the opportunities for improving outcomes for the population

    (c) Develop an outline proposal on how integration would operate and be governed.

    (d) Understand the risks and challenges associated with integration.

20. The following sections of the report set out the findings of the initial work.

Proof of Concept - The Proposal

21. The proposal that was tested within the Proof of Concept is :-

    (a) The two organisations will integrate commissioning and services to the optimum level to improve health outcomes and efficiency.

    (b) The commissioning of joint arrangements to support effective Integration care for local people will be framed within a working assumption that it will lead to a shift of spend from treatment and care to early intervention and prevention to help the public remain healthy and safe within their own community as long as is appropriate.

    (c) Both organisations would merge management and services to optimum levels.

    (d) That both the DCCG and the Council will remain sovereign statutory bodies

22. The proposal seeks to test out the maximum level of integration to allow both organisations to understand the level of opportunity that could be delivered.

23. Effective integration in the commissioning of care does not feature widely across the Country but it will clearly emerge over the coming years, due to national policy and the financial pressures on both sectors. The opportunity to ensure closer co-ordination of commissioning of care is greater in Darlington than in many areas because the two organisations are co-terminus, because of the geography of the borough and because of a history and tradition of strong partnership working. This is not the case in many other areas where there are multiple organisations cutting across different geographic boundaries. Although the proposal would be a pathfinder there are examples in previous health structures of successful integration between local authorities and health.

Proof of Concept - Governance

24. The proposal fits within national policy and therefore will benefit from two recent pieces of legislation which fundamentally help the governance of integration namely :-

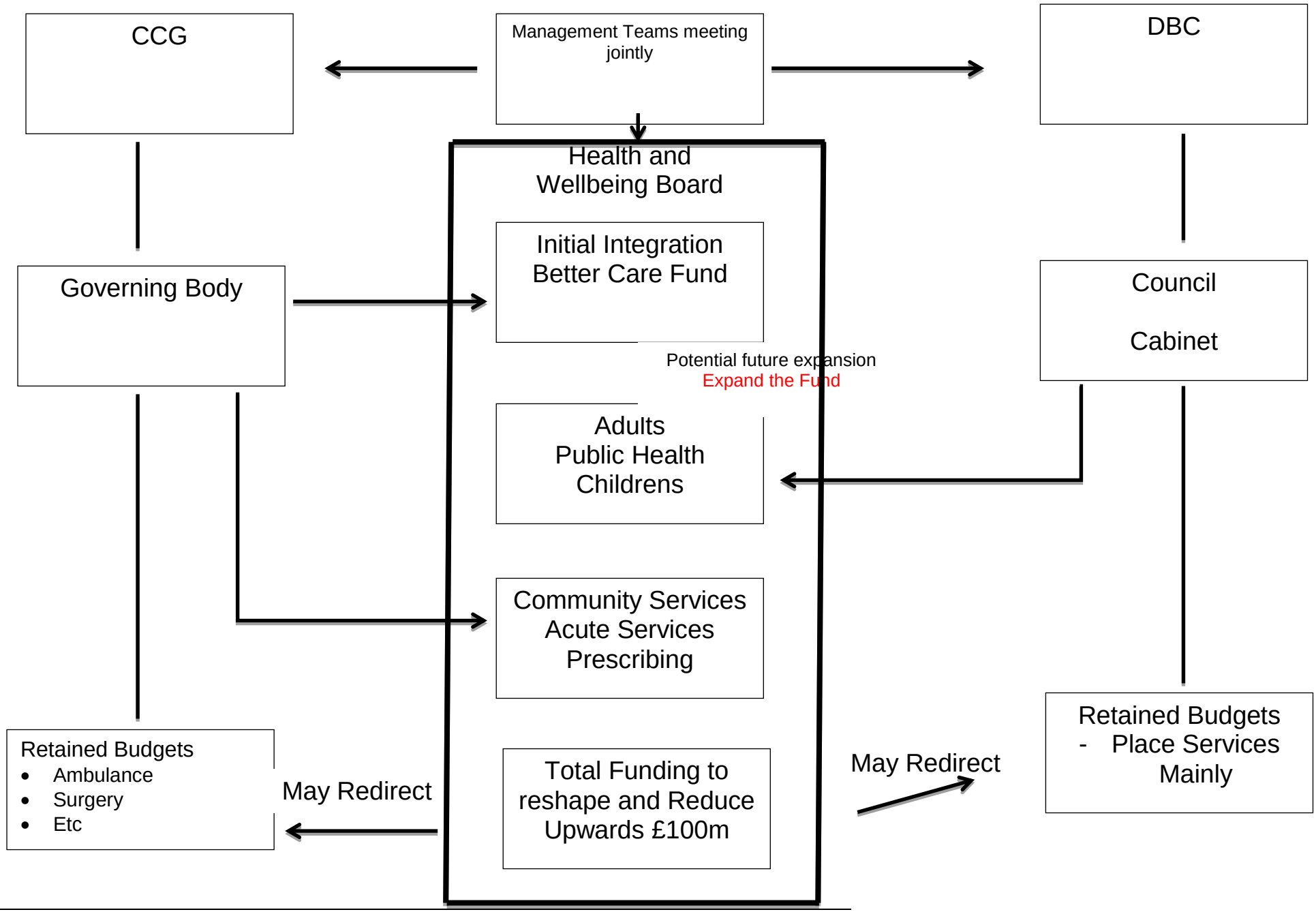
    (a) **The Health and Wellbeing Board** - This statutory board, constituted as a Sub-Committee of Council combines health and local authorities together with other public bodies and enables them to jointly make decisions and commission services.

    (b) **Better Care Fund** - The BCF puts in place a methodology for aligning and pooling funding between the DCCG and the Council. The initial funding is £7.8m and this funding is all from DCCG budgets. The guidance allows both the DCCG and the Council to increase the BCF as seen fit and jointly manage the budgets together, and many other CCG's and local authorities are already planning to use the BCF to pool more funds. Other methods also exist for pooling budgets.

25. Set out on the next page is a diagram illustrating how the governance could operate with both organisations remaining sovereign but having the opportunities to move more activity and spend into the shared space over time and as makes sense in terms of outcomes and efficiency.

26. It is important to note that if the integration proceeds as intended then the workload of the H&WB will increase and bring with it more significant financial decisions. The current model for the Board is broad based and inclusive and this is of significant value to all parties. Within an integration model there will be a need to review the most effective arrangements for retaining this wide engagement and involvement whilst making commissioning efficient and effective.

INTEGRATION GOVERNANCE MODEL



Proof of Concept - Opportunities for Efficiency

27. The work undertaken has looked at the potential to improve efficiency on three levels

0-24 months	Formal Strategic Partnership to deliver more integrated commissioning of care and services through improved leadership and ways of working
0-36 months	Commissioning care and services jointly, including redesigning services
0-60 months	Demand reduction and redesigning the system - more early intervention less acute services

28. Below is a range of potential efficiency savings that could be achieved based on a collective spend on health and social care of approximately £200m. The savings may well need to be reinvested and are to be split between the DCCG and the Council.

		£m's
0-18 months	Sharing management, commissioning and support services. Range 10% to 20%	0.7 to 1.4
0-36 months	Joining up provision and redesigning services. Adult Services Focus. Range 2% to 4%	1.2 to 2.4
0-60 months	Demand reduction and redesigning the system - more early intervention less acute. Range as % of acute services spend 4% to 10%	3.0 to 7.0

29. The above demonstrates that there is a significant potential to improve the effectiveness of every public sector pound spent. These are estimates, but based on experience in other settings.

30. Nevertheless it is recognised that achieving these efficiencies will have a range of impacts. In terms of management and support there are impacts on staffing and on third party commissioning providers as teams and roles are combined. In terms of service re-design and the shift to prevention there are impacts on providers, and in particular in the major service providers, the NHS Foundation Trusts. The effective management of such a transition will be key to the success of this proposal and the DCCG and the Council will work closely with the workforce, and Trusts to ensure a smooth process.

Risks and Analysis

31. Partnerships that move into the sphere of pooled resources and shared teams are not without risks to both organisations. Both organisations the largest risk is taking

a share in the others predominantly demand led services. These are real risks but they are at the present time risks that both organisations face individually. What early work on the BCF and Proof of Concept work suggests is that by "pooling" the two organisations stand a far better chance of mitigating the risks.

32. If the two organisations do not work very closely together there are additional risks that by planning with only one organisation in mind each may "hurt" the other for example if the Council cuts funding for Social Care more people may be admitted to hospital and stay there longer. If such a risk happened it would likely to be more costly and with poorer outcomes for individuals.

33. Beyond the two organisations the impact on Foundation Trusts is the most significant and has potential to destabilise the health economy in Darlington. It is essential therefore that we work with Trusts and other CCG's who commission the Trusts to jointly manage the transformation.

Proof of Concept – Conclusion

34. The work undertaken to date confirms that there are significant opportunities to design a combined system that can drive better health outcomes and improve efficiency, and that would be well position within national and local policy objectives. The work suggests the case for integration is strong.

Taking the Proof of Concept Forward to Implementation

35. It is the view of the senior management of both organisations that rather than committing time to developing a more detailed business case implementation should now formalise a strategic partnership that demonstrates the commitment to align priorities, plans and resources that supports the management of the BCF operating from 1 August 2014. This will be governed through a Memorandum of Understanding. As set out in the following paragraphs a step by step approach to implementing the proof of concept is recommended with further work to be undertaken on areas such as "back office" and for the moment the deferral of a fully integrated management team.

A –Management Teams 1 May 2014 onwards

36. The two management teams have started working together from 1 May 2014. This is a purely voluntary approach to engender greater understanding of each organisation's business. The teams jointly consider the business of each organisation and equally influence outcomes but with no changes to the separate governance of both. Ultimately each organisation's management will be responsible to their individual bodies and the decisions being made

B – Joint Commissioning of services and Interventions – 1 August 2014

37. The commissioning resources of both organisations will come together under the leadership of a Director of Commissioning (see later for detailed implementation plans) who will develop commissioning of joint services and co-ordinate the commissioning in a new 'virtual' team. Members of the team will be 'seconded' into

the team, bringing with them in many cases their existing portfolio of responsibilities. . Staff will be seconded and remain on existing terms and conditions. A post of Assistant Director (Transformation) is also proposed to support the work of the Joint Commissioning and the implementation of the Better Care Fund recently approved by the Health & Wellbeing Board. The proposed partnering is for an initial period of up to two years during which time a review of its effectiveness will be undertaken should the partnership not prove successful its dissolving will be simple given the nature of its establishment e.g. by opportunities and secondments.

38. Whilst the shared team will lead on developing and implementing programmes to achieve service redesign in commissioning that involve resources from the Council and CCG, there will be clear lines of accountability to the two organisations.

C – Fully Integrated Management - Deferred

39. The Proof of Concept included a move to a single integrated management structure which envisaged that a shared structure to include a single Chief Executive, a single Executive role holding the statutory responsibility for finance, a Director of Commissioning, and potentially other combined posts for corporate functions; in addition to other posts more specific to each organisation for example the Director of Economic Growth. At this stage in the development of a partnership the DCCG do not feel ready to commit to this phase of integration and wish 'pause' any such ambition for the foreseeable future. This is very understandable at such an early stage in the development of a partnership and given that the DCCG is itself a very new organisation having only come into being on 1 April 2013. The operation of the strong strategic partnership will give both parties the chance to review how they feel about expanding the partnership in the future.

D – Integrated Support to Both Organisations

40. The Proof of Concept envisages the joining up of "back office" services to an optimum level. As highlighted earlier commissioning services will be brought together under a single leadership for an initial period. As the commissioning partnership develops the opportunities to share more services may emerge and be considered

E – Integrated Service Provision with other Providers – Ongoing

41. The Council, unlike the CCG, is not only a commissioner of services but also a provider. Members will be aware that currently the Council provide integrated services, like RIACT, with health partners such as the Foundation Trust who provide community based services within the borough. Given the joint commissioning approach, it is highly likely that there will be more integrated provision between the Council, Primary Care and the Foundation Trusts. It will be important in the next phase to ensure that integration is compliant with the different procurement and competition rules and frameworks for both local government and NHS.

F – Implementation and expansion of the Better Care Fund – 1 April 2014

Onwards

42. The initial work will see the base BCF being implemented within the joint commissioning approach working collectively with all health partners. The fund could well expand as explained earlier but such expansion will be subject to agreement by both the Council and the DCCG.

G – Joint Accommodation – Ongoing

43. To facilitate the effective partnership opportunities to e site members of the shared 'commissioning team' together will be explored. Due to contractual arrangements this may be phased and involve some office swaps.

44. The above is an ambitious programme of change that will need significant resourcing from across both organisations and beyond. Where possible expertise and support will be sought from organisations as the DCLG improvement network who are giving national support to such programmes. There will be legal, financial, governance and HR issues to be resolved.

45. If the partnership is to be delivered successfully, not only will it need resourcing but it will need to be underpinned by a set of principles and values as set out below :-

    (a) Trust and Confidence required by all involved

    (b) Openness in decision making – no surprises

    (c) Neither Organisation sets out to "hurt" the other

    (d) Decisions to be made with the outcomes for the public at the centre

    (e) Budgets to be shared fairly with appropriate measures to ensure neither takes an unfair "hit"

    (f) Ultimately integration must work for both organisations and the public or it has failed

    (g) Each organisation remains a sovereign body

These principles will be embodied within a Memorandum of Understanding.

46. Each organisation and Leaders must sign up to these and apply them to their everyday work and when implementing the programme of change required to deliver full integration.

Initial Structural Implications of Integration

47. The Strategic Partnership is essentially about establishing new 'ways of working' and the Council will require its Director of People to be released from some responsibilities to be able to provide leadership and co-ordination of the

commissioning agenda and take on the new role of Director of Commissioning .

48. It is proposed that this is for a fixed period to facilitate the flexible nature of the partnership going forward. Murray Rose has agreed to undertake the role until 31 March 2016 at which time he will be nearly 59 and he will retire one year early. In agreeing this approach, Mr. Rose has agreed to commit to a further two years therefore giving certainty of leadership to the project and by agreeing to retire in 2016 giving flexibility to the partnership The estimated cost of early release of pension is £60,000

49. A structure chart is attached (**Appendix B** together with the current structure chart at **Appendix A**) which sets out the services that sit under the new role. From the existing Director of People Services role, the functions currently carried out by the Assistant Director-Children Families and Learning are removed to allow the Director more time to concentrate on the wider commission role. This post, that will re-designate, Service Director –Children's Services, will report directly to the Chief Executive.

50. The provision of Adult Social Services remains within the Commissioning remit as these services are seen as key to delivering service integration and are closely linked to future commissioning intentions.

51. The grading of the Director of Commissioning will be the same as the existing Director of People Services (Director 2) whilst the Service Director – Children Services Will be graded (£83,501 to £92,652) to reflect its increased levels of responsibility. The previous role had a salary maximum of £84,000. The 'commissioning team' will be directed by a member of staff from the NHS. In addition the current Assistant Director (Development and Commissioning) will be redesignated Assistant Director (Transformation), the current grade of this role is AD1 and will be subject to review in light of its new role.

52. The reconfiguration of the Council's Management Structure and in particular the increased direct reports to the Chief Executive have impacts on the remainder of the Council's senior management. The recently created post of Assistant Director (Chief Executive) has already developed and changed significantly since its inception and the additional changes as a result of this report means the role needs redesignating and grading to reflect its role and responsibilities and therefore it is recommended that the post be designated Assistant Chief Executive and be graded (£83,501 to £92,652), the current role has a maximum salary of £84,000.

53. The changes to Chief Officer structures and remuneration require Council approve therefore these elements of this report will be recommended to Council for approval.

Financial Implications

54. The proof of concept contained within this report suggests that there is potential to deliver savings to contribute towards the £1.3m collaboration savings target included in the MTFP. The exact nature and extent of savings will be developed

during the next 18 months.

55. The staffing changes identified within the report can be fully funded from within existing DBC/CCG budgets.

Employee Implications

56. The immediate changes to Senior Management structures are being consulted upon with those impacted and have been agreed in principle. Future changes to structures will be subject to appropriate consultation.

Equalities Consideration

57. At this stage there are no decisions that have an impact but future proposals may well have impacts and they will be addressed when those proposals are being considered.