

## **Cabinet**

Meeting to be held on 14 April 2016

### **Report of the Director of Corporate Commissioning**

Electoral Divisions affected: All
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### **Health and Social Care Integration - Lancashire and South Cumbria Sustainability and Transformation Plan**

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#### **Executive Summary**

Every part of the NHS is required to have a locally led Sustainability and Transformation Plan in place by 2017 which should be implemented by 2020. This needs to be seen in the context of substantial financial challenges for the health and social care system in Lancashire, including a forecast budget shortfall of at least £805m by 2020/21. National guidance produced in December 2015 requires every health and care system to work together to produce a Sustainability and Transformation Plan (STP).

Organisations that have a lead role in Health and Social Care in an area, including Clinical Commissioning Groups (CCGs), Hospital Trusts and local government, should work together as a team, addressing place based problems and working for local populations. The plan is also required to cover better integration with Local Authority services – including prevention and social care. Plans should also reflect local Health and Wellbeing Strategies. The approach will be backed by £560 billion of NHS funding including a dedicated Sustainability and Transformation Fund worth £2.1 billion in 2016/17 and rising to £3.4 billion in 2020/21. Funding will be dependent on the quality of the STP and the nature of local authority engagement will be seen as an indicator of quality. Whilst these appear to be substantial budget lines, they need to be viewed in the context of current system-wide financial pressures and funding gaps.

The report describes activity relating to the STP as well as other activity taking place that is addressing integration issues. It also sets out a series of working principles that should guide the County Council's engagement in this process. Individual decision reports will be necessary at key stages in this process as options are developed.

## **Recommendation**

- (i) To note the development of the Lancashire and South Cumbria Sustainability and Transformation Plan.
- (ii) To agree to the Operating Principles set out in the report and agree that these should be communicated to partner organisations: NHS England, the Clinical Commissioning Groups, Cumbria County Council, Lancashire Leaders and Chief Executives.

## **Background and Advice**

The Chancellor announced, as part of the Spending Review and Autumn Statement, that every part of the country is required to have a locally led plan for Health and Social Care integration in place by 2017 which should be implemented by 2020. This needs to be seen in the context of substantial financial challenges for the health and social care system in Lancashire, including a forecast budget shortfall of at least £805m by 2020/21.

NHS England produced guidance called "Delivering the Forward View: NHS planning guidance 2016/17 – 2020/21" in December 2015. This includes addressing three 'gaps':

- The health and wellbeing gap – the pressing need to reduce demand on the NHS by shifting the focus towards prevention and addressing health inequalities
- The care and quality gap – to harness technology and innovation to reduce variations in the quality, safety and outcomes in care
- The funding and efficiency gap – to ensure that additional funding for the NHS is used to improve efficiencies, transform services and achieve financial sustainability

This required every health and care system to work together to produce a Sustainability and Transformation Plan (STP). This will be place based and drive the delivery of the 5 year forward view. They must be submitted by June 2016 and will be assessed in July 2016. Delivery should commence in 2017 with full implementation required by 2020. There will be 44 STP areas in England.

The approach requires those organisations that play a lead role in Health and Social Care provision in an area to work together as a team, addressing place based problems and working for local populations. The guidance stresses that local government should be fully involved. This is an approach that will match that set out in the County Council's draft Corporate Strategy.

The plan must cover all aspects of Clinical Commissioning Group (CCG) and NHS England commissioned activity including specialised services and primary care. The plan is also required to cover better integration with Local Authority services – including prevention and social care. The guidance expects that the plans developed should also reflect local Health and Wellbeing Strategies.

The approach will be backed by £560 billion of NHS funding. This includes the introduction of a new, dedicated Sustainability and Transformation Fund worth £2.1 billion in 2016/17 and rising to £3.4 billion in 2020/21. Whilst these appear to be substantial budget lines, they need to be viewed in the context of current system-wide financial pressures and funding gaps.

Acceptance onto programmes with transformational funding will be dependent on the quality of the STP. The nature of local authority engagement will be seen as an indicator of quality.

### **The position relating to Lancashire**

An STP footprint for this area has been consulted upon and published by NHS England. The footprint chosen covers the whole of Lancashire including the unitary areas of Blackburn with Darwen and Blackpool. In addition the boundary to the north also incorporates South Cumbria.

The County Council's response to the consultation recognised the strategic importance of identifying the whole of Lancashire plus South Cumbria as a coherent STP footprint. The response also highlighted the importance of delivery footprints that recognised the existing health economies both within Lancashire and those that incorporate cross border delivery. There are five health economies identifiable in the STP area:

- East Lancashire (including Blackburn with Darwen);
- Fylde Coast (including Blackpool);
- Morecambe Bay (including South Cumbria);
- Central Lancashire; and
- West Lancashire.

The Lancashire and South Cumbria STP will be a co-designed, shared and owned strategic plan for the Lancashire and South Cumbria Health and Social Care System. By 30th June 2016 it is intended that the plan will provide a comprehensive, single case for change which will include why it is needed. It will also identify both opportunities and threats. It is also intended that the STP will describe the process for designing integration options and how the changes will be implemented. The STP will set out what is expected of stakeholders, with everyone having a role to play in the successful design, implementation and delivery of the changes.

Governance of the STP process is currently being co-ordinated by Healthier Lancashire. STP workshops were held on the 11<sup>th</sup> & 12<sup>th</sup> March 2016, which highlighted a need for clarity regarding the vision, draft operating principles, representation and how the STP itself should be constructed. The timeline for production of the plan also needs to be clearly set out.

## **Related activity**

It should be recognised that the STP is not the only piece of work that has considered these issues. Initiatives that need to sensibly integrate or align with the STP process include:

### Healthier Lancashire

A document called 'Aligning the Plans' has been produced, this recognises that there are at least 53 different plans/strategies across 26 different organisations within the health and social care system. They have also highlighted pressures within the system, including the impact of deprivation and an ageing population as well as the financial gap. They recognise the need to work jointly and are helping to co-ordinate STP activity as well as developing integrated projects, such as one looking at care sector issues.

The Healthier Lancashire approach remains a key driver of system change – it has to be considered to be a viable vehicle for the delivery of improvements – but it will need to be supported and given appropriate direction if it is to achieve this. In particular, high level engagement will be necessary and clear expectations need to be set.

### The Combined Authority

'Public service working together' is one of the key objectives of the Lancashire Combined Authority which it is anticipated to be in place in shadow form from June/July 2016. Health and Social Care integration could form part of a delivery phase for the delivery of this objective. This approach would fit with the requirements for the STP – but the fundamental issue of governance and accountability needs to be resolved.

### Ongoing work within Lancashire's health economies

The five Health Economies in Lancashire, working through the individual CCGs and in partnership with the relevant local partners have developed proposals and work programmes that have started to examine integration models at a local level, although these are not comprehensive. These include:

- Better Care Together (Morecambe Bay Health Community - Vanguard Project). The aspiration is to consider a system that could take responsibility for all the health and social care needs of the population within a single budget. This will mean a smaller, more productive hospital service working hand-in-hand with integrated out of hospital services. It will focus on keeping individuals, families and communities healthy, developing capacity in general practice and community services, and focusing the hospital on the services only it can deliver.
- Fylde Coast Local Health Economy (New Models of Care – Vanguard Project). The vision is to create new models of care, wrapped around local people, spanning across all health and social care services. It aims to have

integrated teams of community nurses, allied health professionals, social care, mental health and third sector.

- Pennine Lancashire System Development Work. A transformation programme for Pennine Lancashire has been looking at health systems for some time. This has sought to develop a vision for a system wide approach to health issues within Pennine Lancashire – concentrating on outcomes and looking at potential delivery models.
- West Lancashire. CCG planning to undertake work based on a neighbourhoods approach.
- Central Lancashire. Developing work based on integrated localities and focussed on service planning areas to deliver place based, person centric care.

### **Implications/Issues**

The STP requirements mean that Lancashire County Council and all other partners should work together to create a more efficient and sustainable health and social care system. The County Council will need to engage with this process and help to shape and direct it.

The STP approach encourages the development of new models for the delivery of public services. Clear, consistent and comprehensive plans for the area will be needed. New ways of working that will emerge from the process offer opportunities to create efficiencies and improve outcomes.

The approach will allow a review of how and where resources are allocated, directing funding away from the acute sector to the community sector to aid local care and prevention measures – enabling more healthy lifestyles in the population, creating better health outcomes and in turn reducing the cost burden on the acute sector.

New funding arrangements, such as the creation of a single pooled budget for all (or specific) aspects of health and social care provision could be developed as a result of this approach. This would allow resources to be better focussed on meeting population needs rather than the requirements of individual organisations. The County Council may need to consider whether it is willing to agree to the principle of pooling budgets and developing new approaches to service delivery, subject to the right conditions, as part of the development of options.

A successful STP will allow freedom to act and deliver solutions that are appropriate to our local circumstances. It will also allow access to NHS England transformational funding that can help deliver new ways of working and better health outcomes for Lancashire.

### **Operating Principles for Lancashire County Council.**

The Planning Guidance requires the NHS to produce the STP. It makes reference to one the five things to be done:

*"(ii) To "developing a shared vision with the local community, which involves local government as appropriate"*

It further states:

*"The STP must also cover better integration with local authority services, including but not limited to, prevention and social care, reflecting local agreed health and wellbeing strategies."*

In Annex 2 to the Guidance, "The Government's mandate to NHS England 2016/17", the Guidance references the position set out by the Chancellor in the Autumn Statement for every area to have an agreed plan by March 2017 for better integrating health and social care.

Whilst there is a clear acknowledgement of the role of local government, the guidance as written is mainly focussed on the NHS. It is important therefore that the County Council engages with the process and plays a role in shaping the Plan to adequately reflect the council's position.

To enable the County Council to participate effectively in the shaping of the STP process, it is important at the outset to set out the Council's approach to health and social care integration in Lancashire. It is proposed that the following principles should be adopted by the Council and this position shared formally with partners to the STP.

## **Governance**

- The Council supports the establishment of a single pan-Lancashire Health and Wellbeing Board bringing together the current three boards covering Blackpool, Blackburn with Darwen and the County Council's administrative area. Whilst there are various ways of achieving this, the Council's preferred position is that the Health and Wellbeing Board function should be transferred to the Lancashire Combined Authority, once established.
- The Council supports the development of Local Health and Wellbeing Partnerships covering the five local health economy footprints within the governance framework of a single Health and Wellbeing Board.
- There needs to be more recognition of the statutory and financial responsibilities that local government carries within the health and social care system. This should be reflected in governance structures with County Council Elected Member representation on all appropriate decision making bodies within the future Lancashire health and social care system and the STP.
- Where pooled budgets are established the Council's appropriate Cabinet Member should form part of the governance structure.

## **Citizen focused integration**

- Providing joined-up and seamless services to Lancashire's citizens should be the primary focus of health and social care integration. Where having a single workforce would enhance this, the Council would support the development of such an approach.
- The system needs to deliver better outcomes for our citizens, including reducing health inequalities, enabling people to stay healthier for longer and reducing hospital admissions. In line with the objectives of the Council's draft Corporate Strategy, the system should also seek to reduce the need for social care services, helping to deliver community support and self-reliance where appropriate. Developing a system that is easier for people to understand, that delivers more care at home or closer to home should also be an objective.

## **Local Health Economies**

- The Council supports integration on the basis of the five local health economy footprints, subject to a commitment to avoid duplication and plan services on a pan-Lancashire footprint where this is the best fit model, either financially or in terms of service delivery

## **Joint Strategic Needs Assessment**

- The Council supports the development of the Joint Strategic Needs Assessment (JSNA) at a pan-Lancashire level, to support activities of the Health and Wellbeing Board, and at a community level to support the commissioning of local services.
- The community level assessment needs to be of a sufficiently fine grain to be able to identify the local variation in health and wellbeing conditions. A population level, in the order, of 20,000 to 40,000 is considered to be an appropriate indicative scale for such assessments.

## **Pooled Budgets**

- The development of a system-level pooled budget, or budgets, for health and social care services is seen as the best way of ensuring the financial resources available for the provision of services to Lancashire's citizens are most effectively utilised.
- The Council would in principle be prepared to develop pooled budgets for services operated on a pan-Lancashire basis and those operated on the basis on the five health economy footprints. The parties to such pooled budget arrangements would need to be: NHS England, the appropriate CCGs and the appropriate upper tier authorities of Blackpool, Blackburn with Darwen and Cumbria County Council (in respect of Morecambe Bay Health Community).
- The Council's support for pooled budgets would be subject to the commitment of all parties, in the context of severely constrained budgets within both the

NHS and local government, that there will need to be a shift in the balance of expenditure within the entire system, from expenditure on acute health services to community based care and preventative services.

- Pooled budget arrangements would need to be underpinned by appropriate monitoring, financial management and risk sharing mechanisms.

### **Single commissioning arrangements within pooled budget arrangements**

- Where a pooled budget is agreed, the Council would support there being a single commissioning organisation for the services covered by the pooled budget. This would drive the most cost-effective outcomes for the whole system, rather than joint commissioning where the individual partners are inevitably driven by their own individual financial circumstances.

Whilst setting out these principles for consideration, it should be noted that future decision reports will be submitted to Cabinet /Cabinet Members for consideration and authorisation of any material developments in relation to the STP and for any revised working arrangements that are proposed as a result of ongoing integration considerations.

### **Consultations:**

The STP process will have its own consultation and engagement process.

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

The risk implications of any proposed integration model will need to be fully understood and managed as part of the development and implementation of options.

The Council's Risk and Opportunity Register, Ref CO4 "Health and Social Care Integration", identifies health and social care integration as a significant opportunity for the council. The register identifies:

"The principle of the separate organisations working together to align plans, strategies and budgets will involve the development of new delivery models and ways of working, to avoid duplication and focus activity where it is needed, recognising that current models of service delivery are unsustainable. Integration would provide the best opportunity to minimise the impact of funding reductions as well as providing a better offer for service users."

The mitigating action recorded in the register is: "Recognises the need for: an ambitious vision, robust partnerships, clear and credible delivery plans, and strong leadership and governance arrangements at a pan-Lancashire level."



## **Financial**

The development of the Sustainability and Transformation Plan, together with the ongoing consideration of options for integration and joint working is aimed at securing more efficient delivery models. The financial implications arising from any proposals developed will need to be fully understood and explained as part of the decision making process.

## **Legal**

The legal implications arising from any proposals developed will need to be fully understood and explained as part of the decision making process. Appropriate documentation will be developed to record the agreed arrangements.

## **List of Background Papers**

Paper	Date	Contact/Tel
Delivering the Forward View: NHS planning guidance 2016/17 – 2020/21	December 2015	Mike Kirby

Reason for inclusion in Part II, if appropriate

N/A