Item 6 Briefing Note

Date: 14 October 2019

To: Joint meeting of the Coventry and Warwickshire Health Overview & Scrutiny Committees

From: Gillian Entwistle – Chief Officer, NHS South Warwickshire CCG
Adrian Stokes – Interim Accountable Officer,
NHS Coventry & Rugby CCG and NHS Warwickshire North CCG

Subject: Update on the Future of Health Commissioning Arrangements in Coventry and Warwickshire

1. Purpose of report

To provide an update on our progress in deciding the future configuration of local health commissioning in Coventry and Warwickshire and provide you with assurance that we will still deliver our statutory duties and functions.

2. Recommendations

Members are asked to **receive** the report for information and assurance.

3. Information / Background

3.1. As your local health commissioners, we are considering how we can best support the move to an Integrated Care System (ICS) and how our organisations will need to change to accomplish this. Therefore, this change relates to the future Clinical Commissioning Groups' (CCGs) organisational form to fit within the emerging national and local context and discharge our statutory duties effectively – not about reconfiguration of any services commissioned.

3.2 The NHS Long Term Plan (LTP) was released in early January 2019. Of note for the local population is the requirement for a plan to address local health inequalities, and clarity of a new service model for the NHS. This new model will comprise of Primary Care Networks (PCNs), facilitated by a new type of General Medical Services (GMS) network contract. Every Sustainability and Transformation Partnership (STP) area in the country is to be, or be part of, an Integrated Care System (ICS) by 2021.

3.3 With less than two financial years to deliver this change, discussions have centred around the development of the local PCNs and the transition of the three individual

clinical commissioning groups (CCGs) to a single strategic commissioner as required by the LTP. This has led to several scenarios for strategic commissioning being put forward which are explained in the Transition Case for Change document (Appendix A). Proposals for PCNs and updated Primary Care Strategy are the subject of other documents.

4. What we have done so far

4.1. Over the course of the last 24 months the three CCGs in Coventry and Warwickshire have been taking steps to transform how they work together and with the system in order to support the development of an ICS. The NHS LTP reinforced our direction of travel and expectation that we will need to create a more streamlined commissioning arrangement within Coventry and Warwickshire to enable a single set of commissioning decisions at system level associated with local commissioning decisions at the four Places (Coventry, Rugby, South Warwickshire and Warwickshire North).

4.2. Over the period January to May 2019 we have worked with our staff, member practices and external stakeholders to identify the potential options for a single commissioning function, and the criteria that we should use to assess the different options and applied those criteria to the options. We have undertaken a number of workshops for stakeholders to support this process and have provided a number of ongoing opportunities for members, staff and the public to share their views, ideas and concerns about the future of health commissioning.

4.3. Whilst the NHS LTP indicates that there will typically be one CCG per ICS; how we create our single, streamlined commissioning function is for local determination. The outputs of our engagement throughout the first part of 2019 informed the case for change (Appendix A) which was presented to each of the three CCG Governing Bodies in May. Of the three options presented, each Governing Body recommended to their Members the option of full merger.

4.4. Working within the provisions of their Constitutions, the strategic direction and hence, the question of organisational merger, is a matter reserved for GP Members and therefore Members were required to vote on their preferred way forward. The case we are considering does not change any of the services provided to patients, rather the organisation of the commissioning capacity and mechanisms by which we, as statutory bodies undertake our functions/duties.

4.5. In May, South Warwickshire CCG Members voted in support of the recommended option to merge the three statutory bodies.

4.6. In light of further assurances required by their Governing Bodies, and feedback from partner organisations, the Members of NHS Coventry and Rugby CCG and NHS Warwickshire North CCG were asked to vote on whether they supported the CCGs exploring closer working, either through a single management team or through merger. The memberships each voted to support the further exploration of closer working options and the work in providing further information has been

progressing over the intervening months. We expect to seek permission from the Governing Bodies in November to return to the Members and for them to vote.

4.7. We aim to be clear about the direction and timing of a proposal for moving towards a single commissioning function. We will then need to seek approval from NHS England (NHSE) through a formal and detailed application process to proceed to merger if that is the decision reached by Members. For merger from 1 April 2021 this would require a formal application to NHSE by 30 September 2020 at the latest. The CCGs cannot merge if NHSE refuses the application.

5. Local structures, partnerships and priorities

5.1. As described in other documents, work will be carried out at different levels in the future health and care system. There are 18 localities serviced through Primary Care Networks (PCNs); 4 Places through partnerships of public and voluntary sector organisations; Coventry and Warwickshire, where work across the system makes sense. It is at this highest level that our single commissioning function will operate in the future model.

5.2. In each of our Places the local partnership arrangements will begin to take responsibility for quality and cost of health and social care for their populations, as well working in partnership on the communities, lifestyle and wider determinants of health agendas; such as wellbeing and prevention. The place partnerships will develop their own arrangements to deliver the ambitions of the LTP and over time local commissioning will form a significant element of this work as around 80% of health services are likely fall within that remit.

5.3. As we have developed our thinking and as local partnerships have been developing, we have taken into account outcomes from a wide variety of engagement activities that have been undertaken across the health system.

5.4. We believe that to respond to the concerns and priorities identified in our system by our population, stakeholders and partners that the CCGs, as your health commissioners, need to become much more streamlined in our ability to respond as statutory organisations. We consider that the success and pace of priority delivery is bound in relationships and willing support from NHS organisations, Local Authorities and others, and therefore we need to be better able to support this.

5.5. To achieve this, we consider that health commissioning would need to change to:

- **Support service integration** by ensuring our resources are built around the needs of our four places – Coventry, Rugby, South Warwickshire and Warwickshire North;

- **Streamline resources** for assurance; financial management; strategic change and outcomes-based commissioning into a single commissioning function; and

- Meet the requirement to **reduce our internal running costs** by 20% by 2020/21. Achievement of this without structural change will be almost impossible and hamper our ability to deliver our statutory functions.

5.6. To do this successfully, we need to consider a number of important factors:

- What we are already doing that demonstrates working in this way e.g. the Out of Hospital contract

- Where are the potential opportunities for this change to further benefit patients and the public, by improving population health through integration and/or address inefficiencies or financial challenges?

- Fully assess the risk verses benefit of potential changes, and the resources required to achieve the changes.

5.7. If we were to move to a single CCG, we could expect to see the following benefits for staff:

- Sharing the load across system-wide work
- Keeping a focus on place-based expertise and experience
- Much closer working with and within the community
- Combined expertise and resources from across all three CCGs
- Opportunity to work at every level – system, place, and network

5.8. A number of high level goals can be realised, at least in part, by the proposal to change. For example:

1. More effective system management underpinned by comprehensive information systems;
2. More effective and efficient commissioning processes with less duplication;
3. Greater focus on outcomes-based commissioning;
4. Better value through improved efficiency and reduced costs of commissioning function;
5. Simpler and more effective governance of commissioning and decision making;
6. Stronger service transformation approaches, decommissioning and re-commissioning;
7. Aligned budgets (as a minimum) and agreed risk share arrangements.

6. Next Steps

6.1. The CCGs continue to provide additional information, including how the new options might look in practice, and to answer questions received from stakeholders and the public, Members, the Local Medical Committees (LMCs), and CCG staff.

6.2. Throughout October and November 2019, the CCGs will continue the dialogue with their respective members, to keep them updated on the progress on the additional information requested by the Governing Bodies. .

6.3. The next steps will be determined by the outcome of the votes.

6.4. Should there be a consensus for full merger, the detailed application will be developed for consideration by NHS England. The broad timetable for this would be:

Dec 2019	Outcome of vote known
Jan-March 2020	Recruitment to a single accountable officer and chief financial officer Preparation of specific documents required by NHSE for the application, including proposed single constitution and full engagement programme
April – June 2020	Preparation of, and agreement to, application submission in line with NHSE requirements
July – Sept 2020	Formal application made to NHSE prior to Sept 30th deadline
October 2020 – March 2021	NHSE review and assessment period. Secretary of State approval or conditional approval reached; Actions undertaken to resolve conditions if/as required Preparation for transfer of assets and liabilities to the new CCG.
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