

**A meeting of the Governing Body of
NHS Bromley Clinical Commissioning Group
4 July 2019**

ENCLOSURE 4

COMMISSIONING SYSTEM REFORM IN SOUTH EAST LONDON

SUMMARY:

The report details the process by which South East CCGs will pursue CCG system reform to achieve more integrated, high quality and sustainable services for South East London residents in response to the NHS Long Term Plan. It also includes an update for Governing Bodies detailing the progress made to date and outlines work planned and next steps to complete the programme of work.

KEY ISSUES:

The attached paper sets out the background and rationale for the proposed changes, summarises the progress and thinking to date, and sets out the timing of the next steps that would facilitate formal merger of the six South East London CCGs from April 2020 with an advance implementation phase.

The Governing Body should note it under these arrangements it will be asked to consider the submission of a formal merger application to NHS England at its September 2019 meeting.

This report is being received by all South East London CCG Governing Bodies at their July meetings.

PROFESSIONAL INVOLVEMENT:

- South East London Commissioning Alliance
- South East London CCGs

COMMITTEE INVOLVEMENT: South East London Governing Bodies

PUBLIC AND USER INVOLVEMENT: Stakeholder engagement is summarized in the report.

MANAGEMENT OF CONFLICTS OF INTEREST: N/A

RECOMMENDATIONS:

The Governing Body is asked to note the report and confirm their continued support for the action being pursued through the system reform programme.

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Governing Body Paper

Commissioning System Reform in south east London

Update report - July 2019

1. Introduction

- 1.1. In order to achieve our ambition to secure more integrated, high quality and sustainable services for south east London's residents and in response to the NHS Long Term Plan (January 2019), the six CCGs in south east London (SEL) have agreed to undertake a programme of commissioning system reform that will result in:
- the merger of our six organisations to establish a single south east London CCG from 1 April 2020; and
 - the formation of local system boards (prime committees of the governing body – see section 4.5) within each borough that will oversee the planning and commissioning of local services across health and social care
- 1.2. Through these arrangements, we will be seeking to create a commissioning system for SEL that:
- locates decision making for populations and services we serve at the scale at which they are best planned and delivered (at SEL, borough or neighbourhood level)
 - brings about a greater integration of health and social care commissioning around the wider needs and well being of our populations and the whole person
 - fundamentally shifts the interaction between providers and between commissioners and providers towards collaboration and collective responsibility for patient outcomes and living within available resources
- 1.3. We will be changing our commissioning arrangements alongside the establishment of provider and commissioner alliances in each borough (Local Care Partnerships) and at SEL level as the platform for our emergent Integrated Care System (ICS), now formally recognised as the first London ICS to join the national roll out of ICS arrangements from June 2019.

2. Purpose

- 2.1. The purpose of this paper is to:
- confirm the process by which we will pursue our CCG system reform programme
 - update the governing body on our progress to date, including noting proposals that are now considered established (as a result of our engagement to date) and will therefore form the basis of our CCG merger application and single CCG
 - outline the work planned and next steps to complete this programme of work

Recommendations

- 2.2. Governing bodies are asked to **note** the content of this paper and confirm their continued support for the actions being pursued through the system reform programme

3. Process

- 3.1. In January 2019, the NHS Long Term Plan provided a clear direction on the expected future role and function of CCGs in England:

'... [ICSs will grow from] ... the current network of Sustainability and Transformation Partnerships (STPs). ICSs will have a key role in working with Local Authorities at 'place' level and through ICSs, commissioners will make shared decisions with providers on how to use resources, design services and improve population health (other than for a limited number of decisions that commissioners will need to continue to make independently, for example in relation to procurement and contract award).

Every ICS will need streamlined commissioning arrangements to enable a single set of commissioning decisions at system level. This will typically involve a single CCG for each ICS area. CCGs will become leaner, more strategic organisations that support providers to partner with local government and other community organisations on population health, service redesign and Long Term Plan implementation.'

(Pg. 29, Long Term Plan, January 2019)

- 3.2. The footprint of our ICS as the six SEL boroughs has been established for some time and our reform programme seeks to secure the NHS Long Term Plan expectation whilst also developing an approach and operating model for the single CCG that makes sense locally.

- 3.3. In order to establish a new SEL CCG from the 1 April 2020 the following national guidance will be adhered to:

<https://www.england.nhs.uk/wp-content/uploads/2019/04/procedures-ccgs-constitution-change-merger-dissolution.pdf>.

This requires a formal application to be submitted to NHS England and NHS Improvement (NHSE&I) on either 30 September or 31 October 2019 (by exception).

- 3.4. In April 2019, following a process of engagement, our six CCGs confirmed their intention to consider an application to NHSE&I's Regional Director and over May 2019 each governing body received and confirmed support for an outline case for change for a single CCG and the process each CCG would undertake in support of that application. Our agreed case for change said that CCG merger would secure:

- *responsive population-based commissioning at very local (neighbourhood), borough and system (SEL) place levels that our diverse communities require - simultaneously through the planning and co-ordination of a single commissioning authority*
- *a different approach to commissioning - that gives greater focus to system strategy, planning and oversight, greater integration of health and social care commissioning and frees up alliances of providers to take 'traditional commissioning roles' in service design, responding to populations of similar geography or need*

- *the ability to derive solutions at the required scale and pace to attend to the quality, performance and financial challenges that cannot be resolved by our current organisations*
- *the requisite capacity and different capability required to commission services for our populations going forward within a reduced management cost envelope*
- *the ability to take control and design our structures locally, in south east London, by acting now*

(Case for Change Extract, CCG Governing Body Seminar, May 2019)

- 3.5. The timeline for our process is provided in **Appendix A**.
- 3.6. Over the first phase of that process, ending 30 May 2019, a series of engagement discussions were undertaken with governing bodies, member practices, staff, providers and local government in order to confirm and accept a case for change.
- 3.7. The second phase, beginning in June and running over a three-month period, involves an intensive period of design, engagement and testing of the proposed governance, decision-making, functions and operating model of the new CCG. This has included further discussions in governing body seminars with members from all six governing bodies (per CCG and then collectively) and also through 'all staff' briefings in each borough.
- 3.8. During this second phase and building in the results of the above engagement, we will be completing a draft application covering the full arrangements for the new CCG in late July / early August 2019. These arrangements will be further tested with governing bodies, members and our stakeholders during August 2019. In September 2019, a final application proposal and approval to submit will be considered by each governing body, alongside a new constitution for the single CCG that will be recommended to our members.
- 3.9. Our current understanding is that approval of that application will be provided in late October / November this year and an implementation phase would then be enacted ahead of dissolution of the six current CCGs and the formal establishment of a single SEL CCG from 1 April 2020. That implementation phase will establish the key features of our CCG in organisation and governance and related terms. Importantly, it will also involve some significant restructuring of the team and staffing structures across each part of our CCG system.

Programme Governance and Principles

- 3.10. The reform programme is led by a System Oversight Group (SOG), comprising the Chairs and Accountable Officers of our six current CCGs and that group makes common recommendations to governing bodies.
- 3.11. The SOG is supported by a delivery board - the System Reform and Delivery Group (SRDG) that brings together subject matter experts and senior responsible owners for the key workstreams of the programme. The SRDG has an independent Chair and is supported by a small but dedicated Programme Management Office (PMO) and Executive Director.
- 3.12. Each part of London is pursuing a similar programme of work and so our programme is also linked to the London CCG Merger Support Group that brings together regulators and CCG leaders to develop and co-ordinate this process.

- 3.13. As part of the programme's initiation, the SOG agreed a set of principles by which the programme would be shaped and delivered, and these are included at **Appendix B**.

Engagement

- 3.14. We are committed to ensuring comprehensive engagement throughout the programme with staff and our full range of stakeholders, noting this is a requirement of the national process but also a commitment we have made to our staff, members and other partners.
- 3.15. To date there have been more than 60 engagement meetings or activities as part of the programme, with a further 40 (plus) planned over the summer. These have included regular cycles of engagement meetings with governing bodies, staff, providers, member practices and local authorities – supported by written materials and a 'live' Frequently Asked Questions (FAQs) document. We have endeavoured to demonstrate rapid consideration and response to feedback through these discussions and that has shaped our emerging proposals.
- 3.16. In June, we commenced a programme of engagement with our residents that will occur in each borough and we are also involved in discussions with Healthwatch in each borough. We will also have further opportunities to engage residents in our NHS Long Term plan events over the next few months.
- 3.17. These engagement and testing events / activities will further inform and shape our proposals ahead of any recommendation to the governing bodies.

Management Costs

- 3.18. In November 2018, each CCG in England was required to plan for and deliver a management cost reduction of 20%, from 2017/18 management costs resource limits / allocations, by 1 April 2020. The SEL CCGs are already spending below the current allocations and the required saving of circa £8m for the six CCGs is reduced to circa £4.5m as a result.
- 3.19. The achievement of this management cost reduction will not be secured through the merger programme alone and represents a corporate objective of the CCGs within their business as usual efficiency or QIPP programmes during 2019/20. We have also committed to minimise redundancies and ensure that we are maximising savings elsewhere whenever possible. However, it is clear that the merger of CCGs will contribute to this requirement as any resultant organisation must not have management costs that exceed the new limit.
- 3.20. Any released costs associated with this national requirement are reinvested into core commissioned services; as they have been in previous years by current our CCGs.

4. Established features of the system reform programme

Ways of Working and Organisational Development

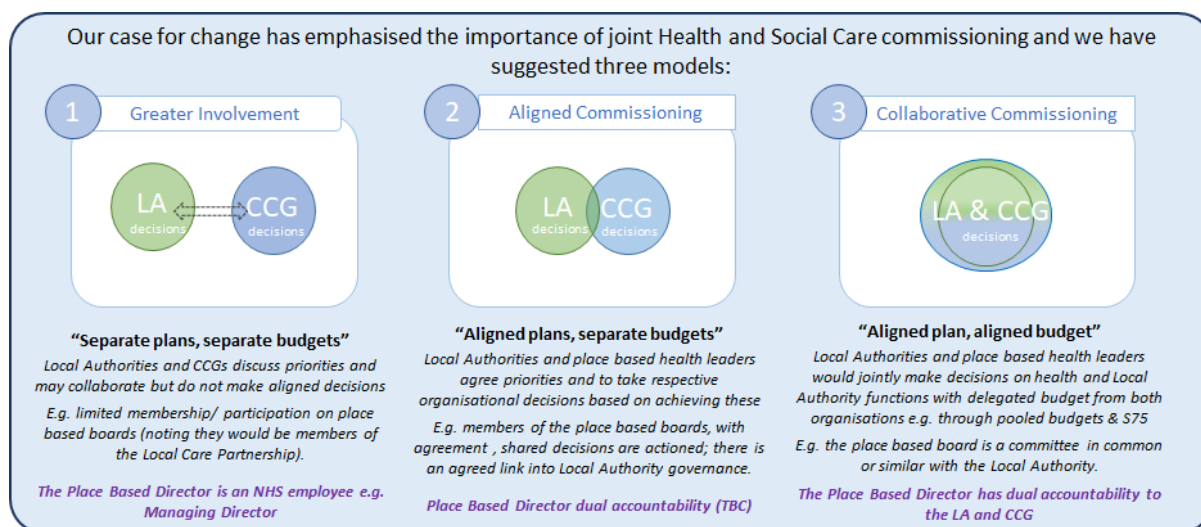
- 4.1. The most significant and prevalent feature of our engagement to date has been the requirement to look beyond governance and organisational structures and to give focus to ways of working. This recognises that staff and organisations will operate in different partnerships (of commissioners and providers, NHS and local authority

teams) and with different relationships between them - teams operating with different geographies or scope of population in mind.

- 4.2. As we bring forward details of our application and implementation plans it will be important that governing bodies consider the organisational development requirements of this change; and consider 'structural' change in the context of those new ways of working.

Governance

- 4.3. A single CCG will require a single governing body and associated prime committees. Proposals for these arrangements will be presented to the governing body according to the timetable at **Appendix A**.
- 4.4. As part of this governance it is now established that in addition to the SEL-wide committees that will support the CCG, there will be six 'Place' or borough-based boards. These boards will operate as prime committees of the south east London CCG, and, with a formality to be agreed by each borough commissioning partnership, will bring together health and local authority commissioners to focus on local service planning and delivery of local or SEL commissioning intentions in each area.
- 4.5. The formality and population of these joint arrangements within each board is to be determined, although there is consensus around the three potential models for establishing this from 1 April 2020 as outlined below.



- 4.6. Importantly, provided a local board is established in support of the SEL CCG's operating model, with the appropriate governance required by the CCG, the level of formality in each borough need not be uniform, but agreed with each partnership locally. However, a core expectation is that this arrangement enables a delegation of responsibility to borough level for the commissioning of primary and community based care (see below).

Decision-Making and Influence

- 4.7. The final proposals brought forward later this year will now be established based on an agreed position around decision-making and influence across our diverse and complex system. Our arrangements will follow our 'System of Systems' ICS approach such that from 1 April 2020:

- the commissioning strategy and planning functions and responsibilities of the new CCG will be undertaken once for SEL. The development process will however be reflective of the need for commissioning activities to occur throughout our system (at a borough and SEL level). As such the planning of health services will involve an interaction between place and system partnerships at each level but will be agreed once for SEL, noting this model meets the national NHS Long Term Plan expectations with regards to decision making.
 - the commissioning of acute services with responsibility for associated budgets will be held at SEL level and undertaken once. Again, borough boards will have influence over these areas through the process of planning (as set out above) and the governance of the CCG (with equal representation of all boroughs on the governing body and associated committees).
 - the commissioning of community-based services, including primary care and client group commissioning will be formally delegated to the borough board with responsibility for associated budgets; and the potential to bring those together with local authority budgets under the joint arrangements that that board is agreed to have.
 - the governing body, in agreeing its strategy and commissioning intentions, will require at all levels, pursuit of an ambition or goal of 'minimum standards, delivered everywhere' alongside relevant local priorities.
- 4.8. It is important to note that the arrangements above represent the basis for the initial establishment of the new CCG. It is expected that progress towards a full ICS for SEL will require a further change to system responsibilities and where they sit. It is also anticipated that some borough partnerships will wish to take further delegated responsibility at a borough board level. The principles by which that would be considered by the SEL CCG, either in shadow or final form, depending on when proposals are made, will be proposed to the governing bodies in September 2019.

Capacity and Capability Approach

- 4.9. The operating model and governance of the CCG will require the right skills and capacity to ensure its success and our proposals will need to outline how this will be secured and also the management of change process, in Human Resources policy terms, that will be required to achieve it.
- 4.10. At this stage, the programme and its CCGs are undertaking an engagement process on this specifically. We are clear that each CCG's policies will be adhered to. We will involve representative bodies and are committed to minimising any redundancies as a result of this process. We will support our staff, as our most important asset, through this process.
- 4.11. Beyond these clear commitments the following principles will also shape our programme of work in this regard:
- That testing of structures for teams, delivering the CCG's functions, may require differential levels of time depending on the complexity of the area in question. To that end we will make proposals for phased changes to functions:
 - Some in advance of April 2020 as they will be critical to the business of the new CCG either in terms of its safe functioning or because of its near-term objectives.

- Some post April 2020 to provide a longer period for their consideration, design and testing (noting that current and future CCGs will always be pursuing ways to optimise their arrangements).
 - That, in broad terms CCG teams will work in one of three ways:
 - single teams undertaking their responsibilities once for SEL
 - teams with single leadership and point of coordination, but with resources working on behalf of or embedded in each borough
 - borough based teams
- 4.12. Irrespective of the timing and method of deployment, we are clear that all functions need to be designed in a way that optimises their delivery, are affordable and have the future ICS in mind.
- 4.13. The programme and the SOG has, through engagement to date, heard a clear concern from general practices about ensuring their continued access to local primary care advice and support, medicines management support and GP IT support. Notwithstanding the process outlined above, the SOG has felt able to communicate an assurance to member practices that these features of our current CCG will continue to be available locally post April 2020.

5. Integrated Care System Development

- 5.1. The development of the SEL ICS as London's only wave three partnership will take place over the next two years and CCGs / partners have made clear their commitment to ensuring this current system reform is aligned to our ICS development.
- 5.2. As governing bodies consider the new CCG arrangements generally, this alignment will need to be kept in mind. At this point in time, there appears to be two early and important points of consensus in this regard:
- that in the design of CCG functions and team structures there must be a focus on transformation 'delivery' and that associated resources and teams should not be CCG 'owned' but should in future represent 'system teams' either at SEL or borough level - resourced and directed by provider led alliances, working with health and care commissioners.
 - that 'Place' or borough based boards will be commissioning entities, however they will sit alongside Local Care Partnerships in each borough and corresponding arrangements at SEL (e.g. South London Partnership or any emergent Acute Based Care partnerships). There should be a clear interaction between those groups if we are to adopt an ICS way of working, whilst ensuring clear governance for management of conflicts of interest is established.

6. Next Steps

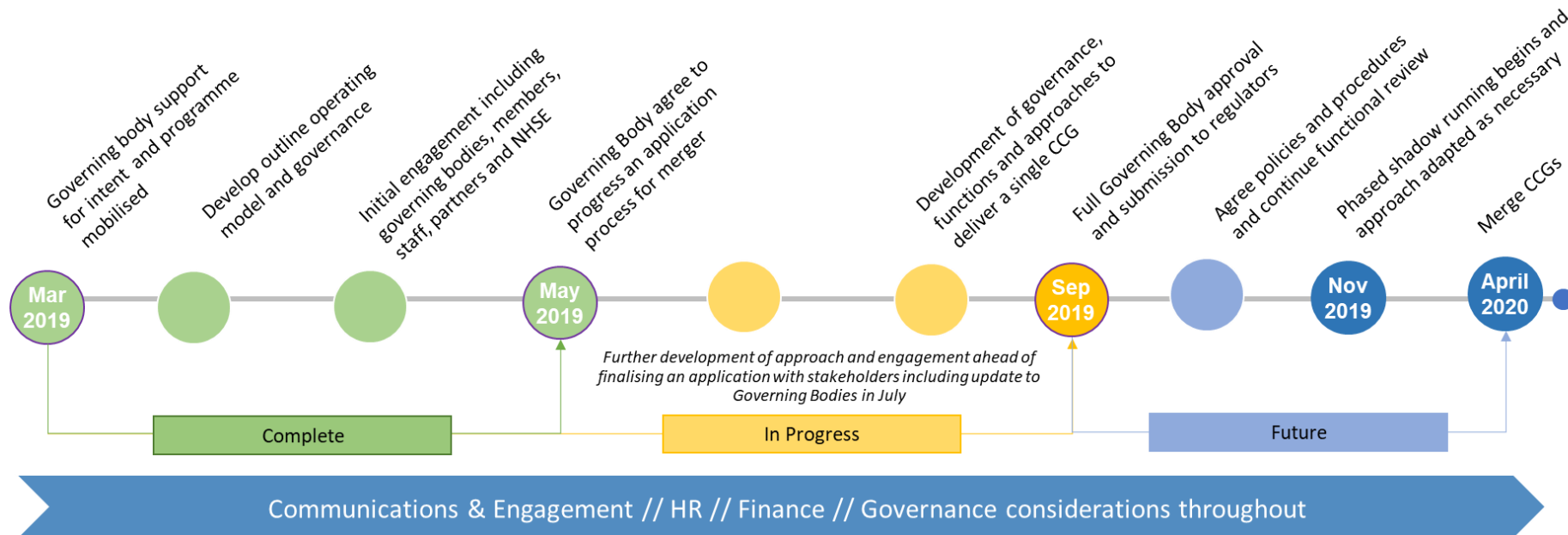
- 6.1. As outlined above and included in **Appendix A**, the current work of the programme is focused upon engagement, design and testing of our proposed operating model and governance.
- 6.2. Ultimately this will result in the production of draft proposals and the content of an 'application' (with associated documentation), as required nationally, in late July / early

August for governing body review and further engagement with our stakeholders (internal and external).

- 6.3. Each governing body will then consider a single application for merger of the CCGs at their September meeting in public (4-18 September 2019). Subject to that approval, the application will be submitted to NHSE&I and the constitution of that new body will be considered by memberships, according to their current requirements.
- 6.4. A successful application will allow an implementation phase in advance of April 2020.

Appendix A

Since the initiation of our System Reform programme in March 2019, we have been developing our proposed approach to a South East London CCG merger. The phasing of the full programme is shown below:



We have undertaken significant engagement work around principles and a case for change. Our engagement focus now shifts to the design of our commissioning system, its functions, governance and ways of working

- This conversation can often feel transactional or ‘structure heavy’ – we mustn’t lose sight of our culture, Organisational Development and ways of working.
- In June, July & August we will be identifying and utilising engagement opportunities that build from our May discussions with Governing Bodies and stakeholders

Appendix B

Set of Principals agreed through the System Oversight Group

1. **Evidence enhanced effectiveness** and enable our ICS development in response to the Long Term Plan
2. Seek to **drive best value out of all corporate investment**; we will aim to **minimise impact on staff by maximising efficiencies** from estates, corporate costs and other non-pay costs
3. **Ensure capacity and capability at each scale**; the necessary cost savings will need to be delivered but there must be assurance that the CCG and place based systems are able to undertake the CCG's required functions effectively
4. **Encourage integration with other partners; particularly at the borough level** it is expected that there could be **increased blended teams with Local Authorities and other partners**, and that some place based functions could be delivered with or by these partners
5. **Initially include all functions**; however some may be moved out of scope by the System Reform Delivery Group or System Oversight Group
6. Speak to **immediate and future operating environments**; **this programme should actively move us towards our 'system of system' ICS vision** and therefore consider our resource requirements for the future as well as the immediate term
7. **Support our staff through this change**; we will aim to communicate regularly, engage as much as possible, and offer options for our staff to **minimise the concerns and impact** related to these changes