Leeds Health & Wellbeing Board

Report authors:
S J Hume & M Bradley
Tel: 0113 2478708

Report of: **Chief Officer Resources (ASC) & Chief Financial Officer (S&E CCG)**

Report to: **Leeds Health & Wellbeing Board**

Date: **20 November 2013**

Subject: **Update on Integration Transformation Fund (ITF) & Financial Challenges facing Health and Social Care in Leeds**

Are there implications for equality and diversity and cohesion and integration?	X Yes	☐ No
Is the decision eligible for Call-In?	☐ Yes	X No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	☐ Yes	X No

Summary of main issues

- The Health and Wellbeing Board is required to oversee the development of proposals as well as sign off the final plan for the Integration Transformation Fund. As such, this report provides an update on further details received from NHS England and the Local Government Association during October concerning arrangements for the Integration Transformation Fund (ITF). The report also provides an update on the arrangements being made with Health and Local Authority partners in Leeds to ensure the development of plans that not only meet the requirements of the ITF, but also provide the basis for meeting the future Financial Challenges outlined at the previous Board on 2nd October.

- Whilst the information received provides greater clarity around the expectations being placed on local commissioners and the arrangements in relation to the administration of the pooled fund, there remain a number of key decision making areas that are yet to be resolved at a national level. Also whilst the guidance promotes a significant amount of local discretion, it also contains a significant and increasing level of prescription. Finalised details are to be included in the annual NHS planning framework expected in December.

- The city has a great track record of delivering integrated healthcare to improve quality of experience of care for the people of Leeds, as evidenced by our recent selection as an Integrated Health and Social Care Pioneer. Accordingly, through our local planning to date (largely through the Integrated Commissioning Executive (ICE)), system leaders are already working in line with a number of

the areas now outlined in the guidance including starting the plan for 2015/16 as early as possible. There is a requirement to agree 2 year plans by 15th February 2014 and to agree 5 year plans by November 2014. Task and Finish Group arrangements have been established and continue to be developed to ensure that the necessary proposals are in place to meet both the requirements of the ITF and to address the future financial challenges. The arrangements also seek to ensure that the proposals are developed with the commitment from all key stakeholders before their final presentation to Health & Wellbeing Board prior to 15th February 2014.

Recommendations

The Health and Wellbeing Board is asked to:

- Note the on-going actions proposed to develop jointly agreed local plans to meet the requirements of the ITF and also to address the future financial challenges facing Health & Social Care in Leeds, following discussions with Health and Social Care Partners

- Note the proposed role of the Health & Wellbeing Board in overseeing the sign off of the agreed 2 year plans by 15th February 2014 and the agreed 5 year plans by November 2014, and for the Health & Wellbeing Board to receive further updates and details at their next meeting.

1 Purpose of this report

1.1 This report provides a brief update in relation to the further details received from NHS England and the Local Government Association during October concerning arrangements for the Integration Transformation Fund (ITF).

1.2 The report also provides an update on the arrangements being made with Health and Local Authority partners in Leeds to ensure the development of plans that not only meet the requirements of the ITF, but also provide the basis for meeting the future Financial Challenges outlined at the previous Board on 2nd October.

2 Background information

2.1 As outlined in the previous report to this Board on 2nd October, as a result of the reductions announced in the Comprehensive Spending Review (CSR) 2013 and on-going spending pressures, the city is facing significant financial challenges in relation to the sustainability of the current model for the health & social care economy in Leeds. That report indicated a shortfall of around £100m in local commissioning budgets alone in the next two years, excluding NHS England's commissioned services.

2.2 Whilst it is difficult to calculate the potential overall final impact, early work as part of Leeds' submission to become an Integration Pioneer suggests that the health and social care system in Leeds may be required to make savings of £350m over five years, the shortfall in the Leeds £ by 2015/16 could be as much as £250m from a base of around £2.5bn. This position includes the requirement for providers to deliver savings as part of their cost improvement plans (CIPs) and reductions in relevant NHS England Commissioning budgets, but does not currently take account of the recent consultation on the NHS Funding Allocations Review, which if implemented, could reduce available resources to the Leeds CCG's by a further £84m. This potentially has further significant implications for our ability to deliver against the Health & Wellbeing priorities of the city, particularly with regard to access to quality service and the role this plays in reducing health inequalities.

2.3 The previous report also outlined that whilst the city has ambitious transformation plans to support the delivery of better outcomes for people within the reducing resource envelope available, the combination of the above funding announcements will require additional savings to be generated through both the transformation programme and through other means at a further and faster rate than originally anticipated.

2.4 Since the last Board, two guidance notes have been issued, one from NHS England on 10th October entitled '*Planning for a sustainable NHS: Responding to the 'call to action'* and the other from both NHS England and the Local Government Association (LGA) entitled '*Next Steps on implementing the Integration Transformation Fund'.* The latter includes more detailed guidance on the ITF, together with a 'planning template' that Health & Wellbeing Boards are requested to complete and return by 15th February 2014. Copies of these letters are available via the following links: www.england.nhs.uk/2013/10/11/dav-nich-lett/ and

www.local.gov.uk/documents/10180/5572443/Next+steps+on+implementing+the+Integration+Transformation+Fund/4e797e4b-0f1a-4d53-a87d-6a384a86792d

2.5 Also since the last Board, it has been announced by the Care Minister that Leeds has been successful in its bid to achieve 'Pioneer' status for its work on integrated services. This is undoubtedly a significant accolade for the City in recognising the achievements made to date and will enable us to go further and faster towards improving quality and delivering the best experience of care for the people of Leeds. Furthermore, it brings with it the opportunity to access and benefit from the national expertise and assistance required to help us accelerate our ambitions to be the Best City for Health and Wellbeing and for us to be able to sustain that position in the face of increasing demand pressures and reducing budgets.

3 Main issues

3.1 The main issues raised in this report are covered in three parts. The first two parts provide summary details of the two recent guidance notes received, together with a brief commentary on their potential implications for Leeds. The third part provides further details of the progress being made to formulate our response to the requirements, recognising that a radical whole system response is required, dealing with a significant number of complex requirements, applied to an already complex system, in a very short timescale

3.2 Key Issues arising from the Guidance:

'Planning for a Sustainable NHS: responding to the 'call to action' – 10th October

3.3 This guidance, largely directed at NHS Commissioners, highlights 10 key points, for local commissioners to focus their attention upon, including:

1. **Improving Outcomes** – calls for local commitments to improve on 7 nationally determined indicators as outlined in the guidance.

2. **Strategic & Operational Plans** – bold and ambitious plans, required in detail for 2 years and looking forward for 5 years – the planning process for this is being developed, possibly in December.

3. **Allocations for CCG's** – two year allocations for 14/15 and 15/16 to aid certainty for commissioners, stability recognised as key and therefore likely to be a slow phasing of the new allocations formula (as argued for by Leeds CCG's)

4. **The tariff** – intent to minimise the changes to tariff in 14/15 and outline priorities for 15/16 tariffs in December (Pioneer process may enable us to influence this, particularly around tariffs that currently produce perverse incentives)

5. **The Integration Transformation Fund** – to be committed at a local level, with the agreement of Health & Wellbeing Boards. Described as a 'game changer', creating a ring fenced budget for investment in 'out of hospital care' which will require savings of over £2bn nationally (c.£25m for Leeds) from existing

spending on acute care. Indicates potential to bring forward some of the 15/16 saving requirement into 14/15 to smooth the transition.

6. **Developing Integration Plans** – ITF must reduce demand for acute urgent i.e. non-elective hospital services via investment in social care and other Local authority services, primary care services and community health services, including investment in collaborative technologies e.g. telecare & telehealth to both avoid admissions and facilitate early discharge from hospital.

7. **Working Together** – success will depend on the quality of partnerships including transparency and evidence-based decisions. Chief Exec of NHS England remains the accountable officer to parliament for use of the ITF.

8. **Competition** – to be used as a tool, not as an end in itself.

9. **Local Innovation** – intention is for national framework to enable local innovation without being too prescriptive e.g. investing more than the minimum in the ITF pooled budget, local variations to tariff, exploration of new contracting models.

10. **Immediate Actions** – progress development of 5 year plans and engage local people in that work, strengthen local partnership arrangements to make decisions about the use of the ITF, identify the things that will make the greatest difference to patients locally and maintain a relentless focus on putting them into action at pace.

In relation to the above 10 key points, both this report and the previous report indicate that Leeds is responding positively to the advice received. In fact, it could be argued that the above currently describes the agreed direction of travel in Leeds.

Next Steps on implementing the Integration Transformation Fund – 17th October

3.4 This guidance is described as early advice, whilst a number of policy decisions are still being finalised by ministers. Government describes the ITF as a 'real opportunity' to create a shared plan for the totality of health and social care activity and expenditure and to make a step change in our current arrangements to share information, share staff, share money and share risk.

3.5 The guidance also recognises that the £3.8bn pool is not new money and that the NHS and Local Government Resources making up the pool are already committed to existing core activity. It also recognises that the requirements of the fund are likely to significantly exceed existing pooled budget arrangements. This will create immediate difficulties for both the NHS and Adult Social Care as all of the current related expenditure is supporting the provision of front line services such as reablement (NHS &LA funded), carers support, joint equipment service, community nursing, home care and residential & nursing placements, which in itself cannot be freed up for spending elsewhere without significant reductions in existing services to existing clients. However, a certain level of efficiency through integration/greater collaboration needs to be applied to these service lines in order

to free up an investment fund to change the way services are delivered going forward.

3.6 The annex to the letter of 17th October sets out the details of the ITF fund, so far as these are currently decided.

What is included in the ITF and what does it cover?

3.7 The guidance confirms earlier thinking that of the £3.8bn, £1.9bn consists of existing funding allocated to health and social care, and £1.9bn will come from the existing NHS commissioned services. As indicated in the letter from Sir David Nicholson of 10th October, the creation of the ITF will require 'us to make savings of over £2bn in existing spending on acute care'.

3.8 In 2014/15, there will be an additional transfer from NHS to Adult Social Care of £200m (the remainder of the £1.1bn allocation announced as part of CSR2010). The use of this money, circa £2.8m for Leeds, remains unclear within the guidance issued thus far. Although there is specific reference in the latest guidance that the money is to be used in the same way as the £0.9bn received to date, in that 'the funding must be used to support adult social care services in each local authority, which also has a health benefit and must be agreed with the CCG's, other parts of the guidance state that it 'will enable localities to prepare for the full ITF in 2015/16'. Thus there is a clear tension between the need to use this money to kick start the new Integration Fund and be used to support an early start to help transform health and social care services, and the need for it to be used to support the ever increasing demands being placed on existing services in the face of reducing resource levels. In developing the overall proposals for the ITF further discussions between the Local Authority and the CCG's will be required to resolve this tension.

3.9 In 2015/16, the fund will be allocated to local areas under joint governance arrangements between CCG's and local authorities. To access the money joint plans must be agreed and those plans will need to meet certain requirements. Whilst in principle this is wholeheartedly supported by local commissioners, there will clearly be significant challenges locally in how best to utilise the existing services within the fund and how to free elements of this funding from its current commitments to enable it to be used for other purposes, some of which may not be locally determined and some of which may carry significant additional resourcing implications e.g. 7 day working requirements.

How will the ITF be distributed?

The guidance confirms that the 2014/15 element will be distributed on the existing basis and should therefore match existing expectations. The distribution formula for 2015/16 remains subject to ministerial decisions. This will clearly have implications for the development of the 2 year detailed plans to be finalised by 15th February 2014, if the level of resources, upon which those plans will be based, is not yet available. Flexible plans will need to be developed to ensure variations can be quickly taken into account, including around the most complex area relating to the level of ambition needed to achieve the pay-for-performance

element of the funding – again the details of exactly how performance will be rewarded are not yet fully developed.

How will Councils and CCG's be rewarded for meeting goals?

3.10 The proposed mechanism for payment for rewarding performance is as follows: 50% of the £1bn will be paid in April 15 based upon performance in 2014/15 and the balance in the second half of 2015/16 based upon performance in that year. Whilst the exact measures upon which performance judgements will be made are still to be determined, the areas under consideration include:

- delayed transfers of care;
- emergency admissions;
- effectiveness of reablement;
- admissions to residential and nursing care; and
- patient and service user experience.

Does the fund require a change in statutory framework?

3.11 This remains under review although it is the intention for any changes, if required, to be included in the Care Bill. Although not covered within the guidance, there are likely to be significant local governance issues as a result of the number of partner organisations involved in agreeing the joint plans. Whilst the oversight for sign off of the plan is the responsibility of the Health & Wellbeing Board, the membership of this Board is made up of representatives of a number of sovereign organisations each with their own set of statutory responsibilities and approved governance arrangements. In addition to that, the provider organisations, upon which the delivery of the agreed plans is almost entirely dependent, and who are not represented at this Board, similarly will need to assess any plans against their statutory responsibilities and agree them through their Boards.

3.12 Given the timescale for the development of the jointly agreed plans this represents a significant risk – particularly in a City the size and complexity of Leeds and in relation to the changes required to an extremely complex system of Health and Social Care, where the unintended consequences of system change are notoriously difficult to predict.

How should Councils and CCG's develop and agree a joint plan for the fund?

3.13 The guidance is accompanied by a planning template (a copy of which is included in the link above). Essentially the template is to assist both locally and nationally as a checklist to quality assure the plans for both their ambition and the achievement of the associated national conditions. There is no guidance around the difficulties posed for local governance arrangements in agreeing such a plan or plans.

What are the National Conditions?

3.14 **Plans to be jointly agreed** – the emphasis here is to ensure that local provider organisations are engaged in the development of the plans. In turn the implications for local providers must be clearly set out for the Health & Wellbeing Board to ensure recognition of the service change consequences. In Leeds, providers are fully engaged via the Transformation Board arrangements.

3.15 **Protection for social care services (not spending)** – this is a matter to be agreed locally, but consistent with the current guidance in relation to current transfers. However, the more of the fund that is used for this purpose the less there will be available for transforming the system to one which ensures future sustainability.

3.16 **As part of agreed local plans, 7 day services in health and social care to support patients being discharged and prevent unnecessary admissions at weekends** – this is for local determination and agreement. Whilst there will be no national definition of the services to be provided there is a forthcoming review being undertaken nationally by Sir Bruce Keogh where it is expected that guidance will be provided on establishing effective 7 day services within existing resources. Notwithstanding the inherent difficulties in rapidly establishing such services, it is likely that the plans will need to be articulated within the ITF before such guidance can be either available or properly considered.

3.17 **Better data sharing between health and social care, based on the NHS number** – the NHS number is already used by Adult Social Care as a primary identifier in current data sharing activity. Leeds is also pioneering a national piece of work to simplify the current arrangements to ensure the secure and safe sharing of data for the benefit of patients and service users. The guidance also acknowledges that progress on this issue will require the resolution of some Information Governance issues by the Department of Health.

3.18 **Ensure a joint approach to assessments and care planning and ensure that, where funding is used for integrated packages of care, there will be an accountable professional** – requirement to stratify populations into self-management, and those requiring care management and therefore a lead accountable professional. This approach is well underway in Leeds as part of the risk stratification work undertaken by the Integrated Health and Social Care Teams.

3.19 **Agreement on the consequential impact of changes in the acute sector** – requirement to: assess the impact; demonstrate public and patient engagement, and set out plans for political buy-in. Given the scale of the financial challenges in Leeds of between £100m to £250m, this indicates the magnitude of the task that we face in Leeds to develop a sustainable system for the future.

How will preparation and plans be assured?

3.20 It is intended that the process will align with existing NHS Planning rounds and that CCG's work closely with their Area Teams. In each region a lead local authority Chief Executive will work with Area and Regional Teams, Councils,

ADASS branches, Directors of Public Health and other interested parties collaboratively to develop good plans. Identified issues will be escalated nationally through the Health Information Task Group hosted by the LGA. There will be a first review of local readiness in early November 2013. Health and Wellbeing Boards are asked to complete and return their agreed plans by 15th February 2014. Consideration may need to be given to the scheduling of additional meetings of the Board or the delegation of agreement of the plan to the Chair and/or other members of the Board to meet this timescale.

Proposal for the development of plans in Leeds that respond to the requirements of the ITF and deliver future financial sustainability.

3.21 The previous report outlined the initial discussions held by the Integrated Commissioning Executive (ICE) which suggested that there was a need to establish a number of key groups to develop the necessary proposals – initially at a headline level and then, following agreement, to work up the details of the proposals. There was agreement that such groups will need representation from CCG's, the local authority, Clinical Leads, Providers and DOF's together with any other key stakeholders affected, meeting alongside the existing Transformation and ICE Boards. A number of other existing groups e.g. Urgent Care Board, Integrated Board, will also need to focus their attention on developing suitable proposals to feed into the proposed process.

3.22 Further work has now been undertaken and a more detailed proposal for the development of plans is outlined below and shown graphically in Appendix A of this report.

3.23 Through the most recent Transformation Board workshops a number of key themes emerged as priority areas for both improvements and cost savings, including:

- Older People,
- Long Term Conditions,
- Mental Health & Dementia, and;
- Children.

It was proposed that individual Task and Finish Groups were established for each of these themes to identify high volume, high cost and low outcome services and draw up proposals for dealing with that activity differently in accordance with the principles of:

- Providing care closer to home,
- Exploiting the use of technology,
- 7 day cover
- Clinical oversight

- Designated Lead Professional
- Delivering greater efficiency, productivity and improved outcomes.

This work has already started in a number of areas including Older People.

3.24 To ensure that the proposals developed by the above groups focus on plans to maximise the improvement in outcomes and efficiency from a Leeds perspective, rather than to meet the requirements of the ITF, the draft proposals will be filtered through a Performance and Finance Group to ensure that the proposals also take into account the national conditions of the ITF.

3.25 The amended proposals for each theme will then be considered by an extended ICE stakeholder group that will include representatives from Primary Care as well as well as Clinical Leads. The first meeting of this group is currently being arranged.

3.26 Having been considered by the stakeholder group, amended proposals will be agreed in draft by ICE. Any draft proposals available for the next Health and Wellbeing Board can be scheduled for discussion at that Board.

3.27 Agreed Commissioner plans will then be shared more formally with providers via the Transformation Board where the focus will be on how and when the plans can be delivered, what the consequences of agreeing the plans are for provider services and quantifying what the financial impact will be, and when, for inclusion in the final plans.

3.28 The aims of this process will be to develop a set of proposals that can be considered by Health & Wellbeing Board prior to the 15th February deadline. A draft timetable of key dates and approval process is included as Appendix B of this report.

3.29 The main issues for Leeds are likely to be in relation to meeting the detailed requirements of the ITF, whilst at the same time utilising our Pioneer status (and other enablers such as new IT systems and innovations in healthcare technology), to move 'further and faster' on our transformation plans to deliver the Best sustainable Health and Social Care system for Leeds, given the financial challenges that we are facing. Only if all three of these components are in complete alignment will we give ourselves the best chance of achieving our ambitions.

4 Health and Wellbeing Board Governance

4.1 Consultation and Engagement

4.1.1 This report has been drafted following consultations and engagement of the system leaders via ICE, following previous consideration by the Health & Wellbeing Board. Clearly there are a number of potential policy issues raised by both the Government's plans for an ITF and the local system response. Whilst consultation and engagement on some of the issues raised by this report have

already been undertaken with the public, there will undoubtedly be further specific requirements for consultation and engagement on areas of the local response.

4.1.2 It should be noted that there has been little formal consultation with the key providers or other key stakeholders, including the public, in Leeds to date in relation to the establishing of the ITF or the potential consequences of the local response. However, an engagement process with all stakeholders is in development (see Appendix B) and a workshop will be planned, early in the new year, with key partners to explore future risks of the proposals.

4.1.3 As outlined above, the timescales for the local sign off of plans by February is likely to cause issues in relation to the development of plans and the timing of the Board in January. There is also a risk that the powers currently available via the Council's constitution for the Health & Wellbeing Board do not reflect the additional responsibilities conferred upon the Board by the guidance on the ITF. Suitable contingency arrangements will need to be made for that eventuality. It is proposed that this is done by the Chair in consultation with other Board members and appropriate officers outside of the Board, should the need occur.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 As stated in the previous report, any reduction in the funding position for Health and Social Care is likely to adversely impact our ability to achieve outcomes set out in the Joint Health and Wellbeing Strategy – and ultimately to reduce health inequalities within the city. It is vital that equity of access to services is maintained and that quality of experience of care is not comprised.

4.2.2 Given that 'improving the health of the poorest, fastest' is an underpinning principle of the JHWBS, and that tackling health inequalities remains a priority policy both locally and nationally, there will need to be a strong Public Health focus within the proposals that are developed to seek to continue to reduce those inequalities.

4.3 Resources and value for money

4.3.1 The context in which this paper is written has indisputable implications for resources and value for money given the city is facing significant financial challenges in relation to the sustainability of the current model for the health & social care economy in Leeds.

4.3.2 Specifically in relation to the proposals contained within this report, it should be noted the significant effort and energy that will be required, in a very short timescale, to develop the necessary proposals. This will be a significant task for the system leadership in the city.

4.4 Legal Implications, Access to Information and Call In

4.4.1 This report is largely for information only. However, this presents an opportunity to formalise the concept the Board has been developing with regard to working together to make best use of the "Leeds £".

4.5 Risk Management

4.5.1 This report outlines a number of significant key risks associated with the development of proposals to both address the future financial challenges for Health & Social Care in the city and also to meet the requirements of the ITF within the timescales outlined in this report.

4.5.2 A number of risks have been outlined within the main body of the report, including:

- The significant number of unknown details in relation to key aspects of the plan, particularly those in relation to the pay-by performance elements of the fund and the likelihood that these may not be clarified until as late as December.

- The complex nature of the Health & Social Care system and its interdependencies. Significant attention will need to be paid to the potential unintended consequences of any proposals.

- Reaching agreement amongst all partners, in the absence of whole system evidence of impacts, together with the sovereign nature of individual partners and their separate governance arrangements cannot be underestimated.

- Ability to release expenditure from existing commitments without de-stabilising the system in the short term in the absence of any pump priming resource will be extremely challenging.

- There is a danger that we become distracted by the National Conditions at the expense of delivering local benefits in the form of a sustainable future system for Leeds.

Additionally, there are wider risks relating to the current financial challenge that have been outlined earlier in the report. These include not achieving the outcomes set out in the Joint Health and Wellbeing Strategy that relate to health and care services ("people will live full, active and independent lives" and "people's quality of life will be improved by access to quality of service") as well as the possibility of a widening in health inequalities.

4.5.3 The arrangements for the development of proposals outlined in this report seek to address some of these risks, but the effective management of all of the risks can only be achieved through the full commitment of all system leaders within the city to focus their full energies on the delivery of these plans to support the agreed future vision.

5 Conclusions

5.1 This report has outlined the implications of the latest guidance received from both NHS England and the Local Government Association for establishing an Integration Transformation Fund and identifies the significant challenges facing the city in developing a response to the requirements of that fund by 15th February 2014.

5.2 The complexity of Leeds' health and social care system, as well as the complex guidance, the significant number of unknowns, the significance of the changes

required to address the future financial challenges, and the very short timescales to develop plans cannot be underestimated. Given this complex picture – as well as the potential impact on successful achievement of outcomes with the Joint Health and Wellbeing Strategy – the report outlines the steps that have been taken so far and the full commitment of partners to develop the necessary proposals to meet the challenges, recognising the inherent risks involved.

6 Recommendations

6.1 The Health and Wellbeing Board is asked to:

- Note the on-going actions proposed to develop jointly agreed local plans to meet the requirements of the ITF and also to address the future financial challenges facing Health & Social Care in Leeds, following discussions with health and social care partners;

- Note the proposed role of the Health & Wellbeing Board in overseeing the sign off of the agreed 2 year plans by 15th February 2014 and the agreed 5 year plans by November 2014, and for the Health & Wellbeing Board to receive further updates and details at their next meeting.