

# North Tyneside Health & Wellbeing Board Report Date: 16<sup>th</sup> June 2016

## ITEM 7

Title: Update on the North  
Tyneside Accountable  
Care Organisation

**Report from :** NHS North Tyneside Clinical Commissioning Group (CCG)

**Report Author:** Jim Hayburn, Interim Chief Officer (Tel: 0191 2931140 )

### 1. Purpose:

The Health and Wellbeing Board has received updates in October 2015 and January 2016 regarding the work of North Tyneside CCG to develop the concept of commissioning through an Accountable Care Organisation (ACO) appropriate for North Tyneside. The purpose of which is to ensure the long term financial stability of high quality health services for North Tyneside residents. This report provides a further update on that work and information on the role of the Health and Wellbeing Board in relation to the ACO.

Members of the Health and Well Being Board are asked to note the context and work to date on

- the work undertaken to date in the development of an ACO which includes the agreement of a Memorandum of Understanding for partner collaboration which has been approved by the CCG and the ACO partner organisations, including the Local Authority
- the role of the Health and Wellbeing Board in relation to the ACO
- next steps

### 2. Recommendation(s):

The Board is recommended to note the information provided by North Tyneside CCG about the development of an Accountable Care Organisation.

### 3. Policy Framework

This item relates to all the objectives of the Joint Health and Wellbeing Strategy 2013-18 but in particular:

- To continually seek and develop new opportunities to improve the health and wellbeing of the population
- To shift investment to focus on evidence based prevention and early intervention where possible
- To integrate services where there is an opportunity for better outcomes for the public and better use of public money
- To focus on outcomes for the population in terms of measurable improvements in health and wellbeing

It will contribute to the following joint priorities:

- Improving the Health and Wellbeing of Families
- Improving Mental Health and Emotional Wellbeing
- Addressing Premature Mortality to Reduce the Life Expectancy Gap
- Improving Life Expectancy
- Reducing avoidable Hospital and Care Home Admissions

#### **4. Information:**

##### **4.1 Background**

North Tyneside CCG's successful delivery of high quality, safe and patient-centred care through a range of excellent providers has been overshadowed by its financial performance. The CCG's dynamic commissioning approach with the local authority is showing promise in delivering improved, patient co-designed health services, but will not achieve financial stability at the pace necessary to allow the CCG to meet its statutory duties within an acceptable timeframe.

Improving individual and population health, promoting primary and preventative care and lessening the need for expensive services, to remain within the financial envelope available, requires all key local partners to work together differently, in particular through providers acting collectively and collaboratively towards common goals.

Following consideration of possible arrangements for future commissioning of affordable and sustainable quality healthcare fit to meet future need, the CCG concluded in 2015 that it should explore and develop the concept of commissioning services through an Accountable Care Organisation (ACO). This means that a group of providers will collectively agree to take responsibility for all care for the North Tyneside population for a defined period of time within a single capitated budget. Success will be demonstrated through the achievement of financial stability, enhanced partnership working between providers, and the objectives and targets of the Health and Wellbeing Board as set out in Joint Health and Wellbeing Strategy.

A programme to explore and develop the ACO concept was launched in November 2015. Programme management arrangements are led by a programme board comprising senior members of key partner organisations responsible for reviewing and signing off all key deliverables, with support from a CCG Senior Responsible Officer, a project team and 4 work streams focusing on ACO development, future CCG arrangements 'CCG-lite', legal and regulatory issues, and stakeholder communication and engagement.

This report informs the Health and Wellbeing Board on the key aims and deliverables of the ACO programme and outlines progress to date and next steps planned.

##### **4.2 Aims and deliverables of the ACO programme**

The CCG's target for the ACO programme is to achieve system sign off and complete model evaluation to allow for full ACO operation from April 2017, requiring a decision by both the CCG and ACO partner organisations by the end of September 2016 on whether to 'go live'.

Key programme deliverables as set out within the Programme Initiation Document are:

- A rationale and options for change paper
- Engagement with all relevant key stakeholders and potential partner organisations, leading to a best-fit approach to commissioning through an ACO
- A benefits realisation paper (what success looks like)
- An agreed ACO function and form
- An agreed revised CCG function and form, reflecting the new approach
- Statutory bodies and Regulatory approval to the proposed approach, its governance, freedoms and performance monitoring
- A set of approved population health outcomes measures and contract delivery metrics, appropriate to the ACO approach and linked to incentives
- An agreed approach to a capitated contract with appropriate schemes of delegation

### **4.3 Work undertaken to date**

The programme governance system was put into place from November 2015 with the ACO programme board meeting on a monthly basis to review and sign off all key deliverables produced by the workstreams. Progress against key deliverables includes:

- Project initiation document and October 2015; March 2016 workstream plans signed off and April – Sept 2016 workplans submitted to May 2016 programme board
- Regular meetings between programme director and workstream leads to ensure co-ordination and delivery to timescales and that individual organisation concerns are addressed
- Links made with Northumberland CCG ACO approach
- Briefing paper outlining the CCG vision for the ACO and the key principles for care models and pathways during ACO operation
- Memorandum of Understanding for partner collaboration on detailed work on ACO and CCG construct in 2016/17 completed and approved by CCG and ACO partner organisations, including Local Authority
- Broad framework and principles for ACO construct, governance and ways of working developed; scenario planning workshops underway to confirm current thinking and identify risks/mitigation
- Options for legal form and functions for ACO identified, including key risks/mitigation and any regulatory framework changes which would need to be sought; approach and outline of ACO legal structure and constitution in line with 'current thinking' on ACO construct and ways of working developed
- Case for change and benefits case drafted
- Recommendations developed on CCG functions to be retained by 'CCG-Lite' and those to be managed by the ACO on the CCG's behalf including key risks/mitigation
- Options available to the CCG under current legislation in regard to how it might deliver retained functions proposed and meet its statutory duties in an ACO environment identified
- Joint health outcome work with Northumberland CCG in progress by Kings Fund
- Solution for system financial stability in 2016/17 explored by ACO partners; financial planning subsequently incorporated into Sustainability and Transformation Planning
- Briefing paper submitted to Monitor/NHS England and initial discussions held regarding regulatory changes/flexibilities needed in relation to ACO operation
- Communications and engagement strategy and action plan developed
- Press release issued to local and specialist media on ACO proposals

#### **4.4 Role of the Health and Wellbeing Board in relation to the ACO**

- The Health and Wellbeing Board is responsible for agreeing the Joint Health and Wellbeing strategy which itself is based on the Joint Strategic Needs Assessment. This strategy informs the key priorities for commissioners.
- The Commissioners of the ACO - the CCG working in partnership with the Local Authority, will require the ACO to deliver the relevant objectives and targets of the Health and Wellbeing Strategy. These objectives and targets will be formulated as outcomes for which the AOC will be held to account
- The Health and Wellbeing Board has a duty to promote integrated working and the Board is currently delivering this responsibility through the Integration Programme Board which reports to the Health and Wellbeing Board. Since the ACO will be the vehicle to deliver integrated care the role of the Integration Programme Board is likely to change.
- It is anticipated that in line with current Health and Wellbeing Board practice the ACO partners will continue to sit on the Health and Wellbeing Board

#### **4.5 Next Steps**

The next steps for the programme are those which will enable the CCG and ACO partners to decide in September 2016 on whether the ACO should 'go live' in April 2017. Key tasks include:

- CCG-Lite form, function and location determined and legality assessed
- Final ACO construct and legal form agreed including notification of any changes required to current CCG function/transactional management arrangements; draft contract for functions ACO agrees to manage on CCG behalf
- Procurement and competition considerations met through an agreed and posted PIN notice
- Risk mitigation paper outlining approach to ACO development
- Priority areas for clinical redesign agreed, linking into CCG's 2016/17 cost reduction programme
- Due diligence by ACO partners and CCG
- Approval from regulators for ACO approach and operation; assurance that flexibilities agreed meet individual partner organisation licence requirements
- CCG benefits case approved by NHS England
- Health outcome measures, metrics and incentives determined
- Negotiation and agreement of an 'in principle' capitated budget, health outcomes and performance framework
- Approval 'in principle' of legal and contractual documentation including ACO contract; partnership agreements, service provider agreements

#### **5. Decision options:**

This item is not for decision. The Board is asked to note the information provided by North Tyneside CCG about the development of an Accountable Care Organisation.

#### **6. Reasons for recommended option:**

Not applicable as the report is for information only

**7. Appendices:**

None

**8. Contact officers:**

Jim Hayburn, Interim Accountable Officer, NHS North Tyneside CCG (Tel: 0191 293 1140).

**9. Background information:**

The following background documents have been used in the compilation of this report and are available from the author:-

- Five Year Forward View. NHS England, November 2014
- Place Based Systems of Care – a way forward for the NHS in England' Kings Fund, November 2015:

**COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

**10 Finance and other resources**

At this stage it is not clear what, if any, the financial implications will be through the introduction of an ACO as these are still being considered. However, the overall intention and purpose of this development is to agree a sustainable health (and care) system and mitigate and contain further financial risk. At this stage the desire of the ACO programme board is to include social care in the ultimate design and any financial implications will need to be considered by all partners as part of the development of the proposals

**11 Legal**

There are no legal implications arising directly from this report

**12 Consultation/community engagement**

A Communication and Engagement Workstream with representation from partner organisations including Healthwatch is included as part of the ACO Development Programme.

**13 Human rights**

There are no human rights implications directly arising from this report.

**14 Equalities and diversity**

There are no equalities and diversity implications directly arising from this report.

**15 Risk management**

The CCG will fully risk assess the development of the ACO

**16 Crime and disorder**

There are no crime and disorder implications directly arising from this report.'

## SIGN OFF

Director of Public Health

Chair/Deputy Chair of the Board

Chief Finance Officer

Head of Law & Governance