REPORT TO:	**CABINET 22nd January 2018**
SUBJECT:	**One Croydon Alliance: Extension of the Alliance Agreement** **Outcomes Based Commissioning**
LEAD OFFICER:	**Guy Van Dichele, Interim Executive Director of Social Services** **Richard Simpson, Executive Director of Resources**
CABINET MEMBER:	**Councillor Hall, Cabinet Member for Finance and Treasury** **Councillor Woodley, Cabinet Member for Families, Health & Social Care**
WARDS:	**All**

CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:

The One Croydon Alliance Agreement supports the Council's key strategic priorities with regard to promoting and sustaining independence, well-being and good health outcomes for Croydon residents. The outcomes are aligned to Ambitious for Croydon promises:

- creating growth in the economy,
- helping residents be as independent as possible,
- and creating a pleasant place in which people want to live

The One Croydon Alliance integrates health and social care and has a comprehensive framework that is focused on improving outcomes for people. Extensive consultation with local people on what outcomes they wanted took place, and they chose the following:

- Staying healthy and active for as long as possible
- Having access to the best quality care available in order to live as I choose and as independent a life as possible
- Being helped by a health and social care team that has had the training and has the specialist knowledge to understand how my health and social care needs affect me
- Being supported as an individual, with services specific to me
- Having improved clinical outcomes

FINANCIAL IMPACT

The total annual value of services currently in scope within the Alliance is c£180 million per annum. Of this the council is responsible for a contribution of approximately £42 million the rest of the resources are the responsibility of Croydon Clinical

Commissioning Group. This council spend is split £12 million for directly delivered services (social work assessment, OT, in house day care etc.) and £30 million spent with external providers (mainly domiciliary care, care homes and funding in the voluntary and community sector). The council will maintain its current contractual relationships with providers but in time a new commercial structure will mean more jointly commissioned services and contracting arrangements will emerge as the new models of care and system transformation develops.

The current commercial structure proposals propose a move to capitated payment mechanism from 2021/22 for the Alliance. The aim, as has been through Transition Year (2017) to move to block arrangements for acute and community services in Croydon, which incentivises investment in the right care at the right time for Croydon residents.

There are defined efficiency savings of 5% per annum for social care, after demographic and non-demographic growth has been added.

The aim is to positively impact the whole health and care system. A 10 year financial model is in place, modelling financial impact by Alliance partner organisation. Plans developed to date show total positive system financial impact of:

- Phase 1 – Out of Hospital: £6.5m per annum
- Phase 2a (implementation ready): £5.8m per annum

A number of Phase 2b and Phase 3 transformation are being further developed which will add to this overall impact.

KEY DECISION REFERENCE NO.: FORWARD PLAN KEY DECISION REFERENCE NO.: 0318CAB - This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

The Cabinet is recommended to:

1.1 Agree to the extension of the One Croydon Alliance Agreement term for a further 9 years, commencing 1 April 2018 to 31st March 2027.

1.2 Agree to expand the remit of the Alliance Agreement to ensure the potential for whole system transformation for health and social care. Decisions to materially increase programme scope will be taken as part of the Council's decision making process.

1.3 Delegate to the Interim Executive Director of Social Services and the Executive Director of Resources in consultation with Cabinet Member for Families Health and Social Care and the Cabinet Member for Finance and Treasury the signing of the final 9 year Alliance agreement on or around 1/04/2018 and extension / appropriate award of the in scope service contracts.

2. EXECUTIVE SUMMARY

2.1 The purpose of this report is to update the Cabinet on the progress of the first year of the One Croydon Alliance ("the Alliance") an Integrated Health and Social Care system consisting of the following partners:

- Croydon Council (as provider and commissioner)
- Croydon Clinical Commissioning Group (CCG)
- Age UK Croydon
- Croydon GP Collaborative
- Croydon Health Services NHS Trust
- South London and Maudsley Mental Health NHS Foundation Trust

And to recommend the extension of the One Croydon Alliance Agreement for a further 9 years with a wider remit of whole system health and care transformation. Cabinet delegated the decision to sign the agreement in December 2016 (*minute ref:* A124/16) to award the Alliance Agreement and award the 'in scope' Service Contract (s) to commence on or around 1 April 2017. The delegated decision was signed in April 2017.

2.2 The key purpose of the One Croydon Alliance is to improve the lives of Croydon residents and deliver more effective health and social care outcomes. The transition year programme has demonstrated significant achievements and progress in what can be achieved when the whole system works together in an integrated and focused approach.

2.3 The year one transformation components of Living Independently For Everyone (LIFE) service and the Integrated Community Networks (ICN) programme have delivered significant successful outcomes that include 80% of reablement package ceased within 6 weeks compared to 18% prior to the changes and pre-Christmas admission avoidance and length of hospital stay reductions enabling the closure of 56 escalation beds. Intervention at the earliest stage with 180 people through multi-disciplinary working has prevented further escalation of needs and new life opportunities and an additional 200 people seen through the LIFE service since its commencement in October. All of these changes improve the quality and independence of service users. In light of the success of the transition year and the delivery of key transition criteria the report recommends the extension of the One Croydon Alliance agreement for a further 9 years.

2.4 The Alliance vision has always been to extend the model of care and approach adopted for over 65s if successful to other areas of the social care and health economy. There has been significant investment in establishing the Alliance and transition year has completed a number of workstreams and proceeded through three checkpoints at given points in May, August and October to provide assurance of progress. The Alliance members are agreed on its governance and has developed a range of appropriate commercial options to support the journey to a mature accountable care system.

2.5 Therefore, the Alliance provides an ideal vehicle to further extend social and health care integration, ensuring person centred care that is multi-disciplinary in nature and supports a more sustainable set of public services in Croydon. However it is recognised that any extension of programme scope needs further work to evidence return on investment. Each sovereign organisation needs to use its own governance to make individual decisions about scope and service area. In the Council therefore the decision would follow our usual democratic decision making process. In addition if the Alliance scope grew it is recognised that new partners particularly from the Voluntary and Community Sector would need to be involved and there will be a requirement in the Alliance Agreement to review membership when programme scope changes.

3. DETAIL

3.1 A full background and rationale for the decision to sign the original Alliance agreement is contained in the December 2016 Cabinet report at appendix 1.

3.2 The signing of the original Alliance Agreement was for a single Transition year with the option to extend for a further 9 years. The purpose for the Transition year was to provide assurance that the chosen overall health and care model would effect a transformation in services to meet the outcomes identified by our over 65's as crucial to delivery of quality health and care services.

3.3 The assurance areas identified as necessary for Cabinet to agree an extension were the:

- performance of Year 1 Transformation programmes
- achievement of Year 1 Transition Criteria / Workstreams

4. Year 1 Transformation Programmes

4.1 The transitional transformation programme of LIFE and ICN has demonstrated how an integrated whole system approach to health and social care can improve the lives of Croydon residents and achieve more effective health and social care outcomes proving the concept that health and social care systems integration and the One Croydon model.

LIFE

4.2 The LIFE Programme has established an integrated reablement and rehabilitation service across the Borough, comprising services from Adult Social Care, Croydon Health Services and Croydon University Hospital. The long term ambition of LIFE was that it will see key services brought into a new LIFE integrated reablement and rehabilitation service – a new intermediate care service. The iBCF funding has allocated £1.2m in the first year to funding integrated care for the LIFE service care packages. Over the medium term the cascade impact of admissions being avoided and reducing peoples lengths of stay in hospital means people require less intensive and long term care packages and can be reabled back to independence more quickly and successfully. All of this contributes towards the 5% per annum efficiency target for social care for in scope services, alongside improved contracting, equipment provision and care market management.

4.3 The integrated service model ensures a one name, one budget one team approach, use of an agreed single eligibility assessment and review process, and increased entry pathways - all working to the same key outcomes. This service will contribute to reductions in systems duplication, in non-elective hospital admissions and bed days, will enable targeted and focussed effective use of more community services upstream for people to reduce high cost packages of care and create capacity with an increase in flow at an earlier stage for people in need of the service. Services are more person and outcome focused improving the person experience of health and care.

4.4 A key component of the LIFE service is Discharge to Assess (Home First Pathway 2), and from September 2017 Croydon Health Services NHS Foundation Trust introduced this pathway 2. The service is now live in all wards in CUH, having seen over 185 people in the first 10 weeks of operation. We are seeing a 20% reduction in length of stay for people in hospital and the need for long term care packages post rebalement go down significantly (up to 80% in some cases from a previous performance of 18% as shown in the dashboard below). This service ensures people are supported through a multi-disciplinary approach to reduce their length of stay in hospital, assess them in the best place to determine care, and establish outcome focused care plans that aim to reable and maximise independence. The service is receiving referrals from the community and working in A&E to prevent admissions. CHS and Council staff have moved in together at a CHS community site, forming a truly integrated service with high morale.

ICN

4.5 The Integrated Community Networks (ICN) Programme is comprised of the following features:

- Huddles (proactive weekly case management by multi-disciplinary team working from GP practices)
- Complex Care Support (specialist support for issues such as mental health and frailty and support for care homes);
- My Life Plan (Co-ordinate My Care – shared care record);
- Personal Independence Coordinators (PICs – person centred support for non-medical issues);
- Active and Supportive Communities (people and communities as assets)

4.6 The key aim is to engage, empower and build-up the Huddles so they are responsive, timely and flexible to individual needs. Huddles focus on preventing admissions and focus on high risk and need people who have more than one long term condition initially and aims to enable individuals to support their own health and independence. Care is organised around the individual, breaking down the boundaries between health and social care and the voluntary and community sector, and between formal and informal support.

4.7 An accelerated ICN Huddle programme is being implemented and the number of Huddles rolled out had exceeded business case plans by October 2017, in December over 30 practices had huddles with all 57 GP practices planned to have them by March 2018. Early indications show a potential 14% different in non-elective admissions of patients from early adopter GP practices that have huddles when compared to those without, as shown in the dashboard in 4.10 and figures 1 and 2 below. Professional report significant positive impact for them and their patients working closer together, removing barriers to seamless care.

4.8 The development of the voluntary sector model of care to support people with their non-medical needs is in progress, to provide critical access to support, information and guidance that is proactive and preventative in nature, will see reductions in calls for GP consultations and more connected and thriving communities, carers and individuals.

4.9 The model of care is developing to support people with more complex needs, requiring additional expertise and input from mental health specialists or community geriatricians.

4.10 Impact on activity and outcomes of the Alliance Out of Hospital Programme

On 1st December 2017, CHS communicated that due to the efforts of the discharge to assess teams, the hospital has 56 fewer escalation beds in use in comparison to the status 10 days before. This means that 56 patients are in the right inpatient beds and CHS would have the potential of saving approximately £10,000 per day.

Figure 1 and Figure 2 shows the OOH Outcomes Dashboards as at 5th December 2017. **Figure 1: Out of Hospital Outcomes Dashboard**

High Level Metrics	All Croydon GP Registered Population	All Croydon GP Registered Population Against CCG Operational Plans	Croydon University Hospital (Croydon CCG GP registered patients)	TACS HRGs Only (Croydon GP registered population)
Non Elective Admissions	6% (18,063 to 19,267)	-1% (19,497)	3% (13,164 to 13,571)	-3% (7,359 to 7,190)
A/E Attendances (exc planned)	30% (69,039- to 90,015)	-6% (95,673)	86,482 (April to Sept 2017 only)	
Non Elective Bed days	8% (81,806 to 88,402)	10% (80,565)	5% (68,244 to 71,849)	-2% (42,911 to 41,866)
Non Elective Excess Bed days	-16% (4,527 to 3,802)	-15% (4,378)	-24% (3,457 to 2,637)	-25% (2,611 to 1,953)

Period: Apr–Sept 2016 v Apr-Sept 2017

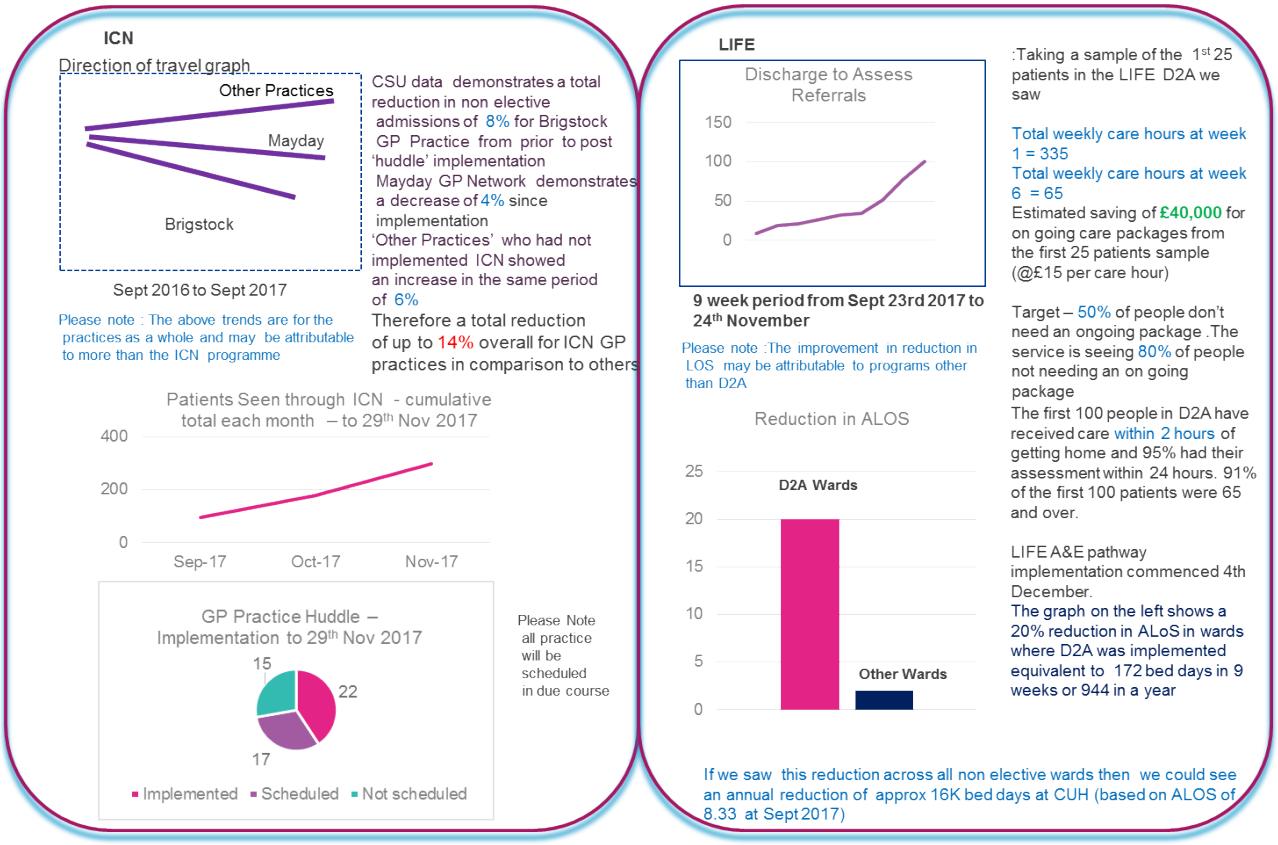
We have included 4 views of high level outcome Indicators covering all population non elective (excluding maternity, baby units and planned follow ups at A/E) .

Data is displayed for all Croydon registered GP populations, against CCG plans, for Croydon University Hospital and for the selected HRGS identified to be impacted by TACs & OOH projects.

The CCG financial savings at month 6 (for 2017/18) are £2.5 million as opposed to planned CCG savings of £275k.▲
These savings are based on TACS HRGs and is a combination of TACS and out of hospital savings

GP Registered Population *(April-Sept 2016 v April to Sept 2017)*				Croydon University Hospital (April 2017 v Sept 2017)				Social Care Indicators	
Average LOS	5.43	5.44	▶	% Type 1 Attendances	49%	43%	▶	Proportion of older people still at home after 91 days after discharge from hospital into reablement (offered the service) **2016: 1.9%; 1.4% at Q2 2017/18**	▼
0-1 day say non elective	8.771	9,274	▼	Attendance /Admission Ratio	3.14:1	2.81:1	▼	Proportion of older people still at home after 91 days after discharge from hospital into reablement **2016: 91.3%; 95.5% in Q2 2017/18**	▲
Delayed transfer of care days	4,318	5,167	▼	4 Hour wait	88.8%	90.9% (94.8% on 31/10)	▲	Admissions to Nursing Homes **413.7 per 100k pop in 2016** **183.3 per 100K at Oct 2017**	▲
% DTOC from Social Care	19% (Sept 2016)	35% (Sept 2017)	▶	Escalation Beds	49 (30 Sept 2017)	10 (5th Dec 2017)	▲	Time taken to ASC Assessment (within 35 days) **80% in 2016 ; 72% in Q2 2017/18**	▼

Figure 2: Out Of Hospital High Level Dashboard



4.11 A key component of the ICN programme are the Personal Independence Coordinators (PICs) employed by Age UK Croydon Alliance partner. The PICs

are a member of the core ICN team and are independent of Health and Social Care Services; they work intensively with people with long term conditions. Initial data shows an increasing trend in the number guided conversations and the proportion of people meeting their goals. A case study shows the impact and success of a PIC intervention and is detailed below.

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Background

- Robert is 77 years old.
- He lives alone
- Same rented accommodation for 30 years
- His wife was bed bound and he cared for her

In January 2016 he experienced shortness of breath and rapid weight loss

- Admitted to hospital where he stayed for 11 months on and off
- Discharged in November 2016
- Wife passed away in that period
- He did not return to work

Outcomes achieved as a result of PIC intervention:

- Attendance allowance granted
- More independence at home
- Heating installed in some rooms
- Garden work done
- House clean
- Healthy living and gained weight
- Started driving again

4.12 The ICN model is supported by building up our community and preventative services. The model of care aims to do this through aligning our provision of voluntary and community services within each of the six GP networks through appointing Local Voluntary Organisations and opening points of access, building awareness of assets and improving access and capacity.

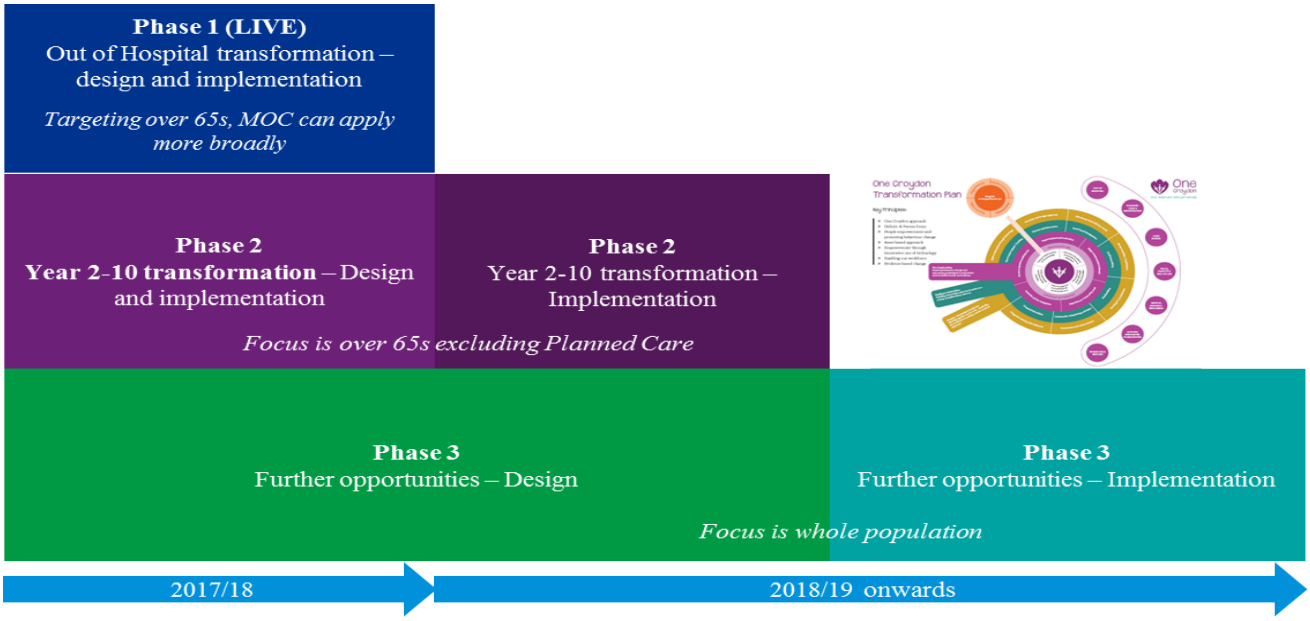
5. Care for Extension

5.1 When developing the Alliance Agreement partners agreed the decision to extend for the full 9 years was to be predicated on the Transition Programme meeting a number of Transition Assessment Criteria for the OOH models of care and a further 10 Transition Workstreams, including the commercial aspects, alliance agreement and contracting, risk share, organisational development and communications and engagement. There has been sufficient progress on the assessment criteria over the transition year to enable the Council to take the extension decision. The impact of transformation on outcomes have been detailed above; below sets out the further case for extension.

Scope of transformation

5.2 It is proposed that the Alliance carries out transformation in phases throughout the 10 year agreement period. The proposed transformation scope aligns with the Alliance vision of achieving whole system transformation. As shown in Figure 3, the transformation phases may run concurrently. It should be noted that transformation is not limited to three phases and further phases may be added to the scope. The total ambition for the Alliance and demonstrates the impact that the Alliance can have during the 10 year contract period.

Figure 3: Alliance transformation scope



***MOC**: Model of Care*

5.3 The following provides an overview of the **phase 2 transformation plans** and the potential impact.

Table 1

Workstream	Non-financial benefits of transformation	
Phase 2a		
Planned Care and repatriation	The overall vision of Planned Care is to transform local healthcare whilst promoting and embedding behaviour and cultural change across patients, public, and clinical workforce by introducing new pathways and models of care. Transformation will be induced by: • Promoting behaviour change by supporting patients and public take ownership of their health and lifestyle through initiatives such as Health help now, make every contact count and altogether better. • Enabling cultural shift across the clinical workforce through peer review initiatives, shared decision-making guide and GP and consultant joint educational workshops. • Enhancing clinical connectivity to support a multidisciplinary	£1.4million

Workstream	Non-financial benefits of transformation	
	approach which provides a range of skills in the community.	
Falls, Frailty and End of Life	Falls and frailty has a potential to make a significant impact on people's lives. The plan aims to make Falls 'everybody's businesses through a system wide awareness and management to Falls and End of Life. Key aspects of this programme include: • Wellness and mental health – part of holistic falls management. • Integrated fall system. • Significant focus on upstream prevention and management. • Focus on development of community based support. • Effective advanced care planning and co-ordination across care organisations and. • Developing the competencies of workforce.	£0.5million
Care Homes	The vision for the care home market is to create the conditions within the health and care economy that allow homes to provide the highest quality of care to their residents and that this care is affordable. This will be achieved through a number of ways including: • Coordinating existing support services, use of technology in identifying risks and connecting with professionals. • Ensuring that there is shared care plans in place. • A commissioning and pricing strategy that will provide greater opportunities for improving outcomes and optimising buying power. • While there are existing initiatives around this, there is scope for enhancing the impact and coverage of workforce development through improved coordination and "branding" of the support services.	£1.9million
Phase 2b		
Mental Health	The aim of this programme is to ensure there is joined up working with primary care so that people with dementia and severe mental illness have consistent and high quality physical health checks and access to the same treatment as those without mental disorders. Key aspects of this programme include: • Improving Mental Health Urgent & Crisis Care – Implementing the Core 24 Standards in Liaison Psychiatry. • Work within integrated care network to practitioners in "multi-agency huddles" and health coaches to provide mental health training and consultation/advice on how to best manage people on their caseload with mental health problems. • Exceed dementia diagnosis and outcomes through collaborative working with primary care and a Dementia	Calculation of potential financial savings is still in progress.

Workstream	Non-financial benefits of transformation	
	responsive system.	
Active and supportive communities	This workstream recognises that residents do more care and support than the entire formal health and care system. People don't just need; they give. Transforming a model of care means changing the way people use services, not just the way we deliver them. Key system changes that will impact include: • One Communication, engagement, information and advice. • Community organisations become the first port of call for information, advice and support. • Management of Social isolation and social inclusion. • Employing technologies to help people understand and manage their health and care.	Calculation of potential financial savings is still in progress.

5.4 Table 2 lists the proposed initiatives for the **Phase 3 transformation** scope with detailed business cases and potential savings being further developed

Table 2: Indicative Phase 3 transformation scope

Initiative	Potential activity change
1. Locality based care	• Locality model: alignment of all health and care provision to localities. • Development of neighbourhood teams within each locality i.e. direct interaction, mentorship and support between domiciliary and community teams. • Increases our coverage much beyond risk patients identified and managed in ICN.

2. ICN and LIFE plus	• Reduction in A&E and NEL admissions through expanding the reach of the current ICN team to an additional 5% of the risk stratified population.
	• Increasing the number of people LIFE teams reach by 35%. For this cohort:
	  ○ 50% patients in cohort avoiding admission
	  ○ 50% reduction in Length of Stay for 50% of patient cohort.

3. Addressing social isolation	a. Befriending services estimated cost per person of £80 generating benefit of £300 b. Local area coordinators estimate that for every £1 invested, up to £4 of social value is generated. c. Community navigators cost £480/person but generate a benefit of £900/person.
4. Social prescribing	• A 100% success rate for all alternative social prescribing services at a cost rate of £100 per patient per year

Initiative	Potential activity change
5. Dutch community model (Buurtzorg)	(Founded in the Netherlands in 2006, Buurtzorg is a unique district nursing system tht is based on giving district nurses far greater control over patient care). • 50% reduction in overall hours of care • Costs per patient are approximately 40% less
6. Corporate and back office integration	• 25% reduction in overall cost of corporate and back office functions across Council, CHS and the CCG.
7. Embedding urgent and emergency care model	• Realisation of Urgent & Emergency Care (U&EC) pathway through change management support and service review

The Alliance Potential

5.5 The current model of care, as captured in the Out of Hospital business case, provides the Alliance a head start and develops a robust platform to develop subsequent transformational programmes. When considering a 10-year ambition, the Alliance clinical and professional stakeholders, through a number of forums across the last 1.5 years, have articulated their ambition across a range of areas.

5.6 The Alliance's ambition for whole system transformation was further developed recently and aligned with the wider ambitions of the Croydon Transformation Board and similarly aims to "radically upgrade prevention" to improve the lives of people in Croydon. The ambition also recognises the potential opportunities reflected in the Croydon Strategic Review and Right Care benchmarks.

5.7 The vision is for a future where individuals are able and willing to take active responsibility and decisions for their health and wellbeing supported by strong community services and technological solutions. This will result in a shift in resources from more intensive support in hospital and residential care to less intensive services more focused on preventions and early intervention and a reduction in the reliance on acute secondary care solutions and interventions. These areas will be used to check our plans for the right size of ambition and will be further worked up in 2018.

6. Governance Arrangements

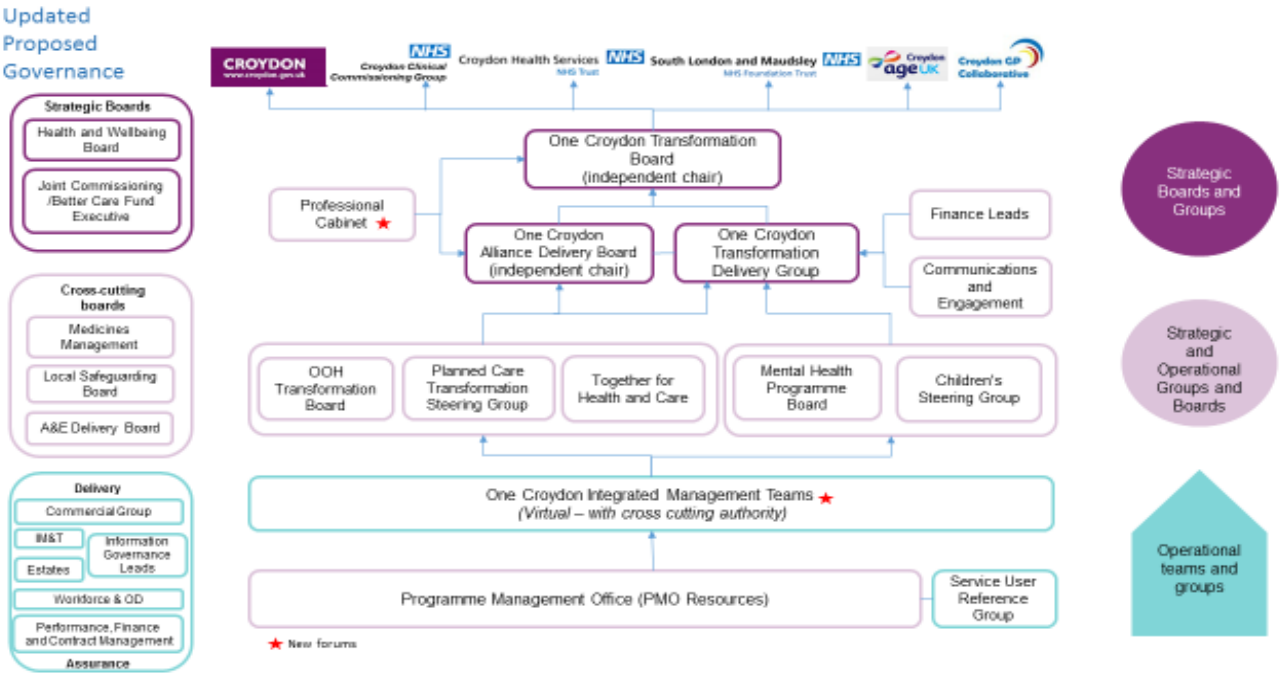
6.1 To ensure effective decision making the Alliance have reviewed and streamlined the governance framework. Within this proposed framework all strategic decisions of the Alliance are still subject to the governance of the

sovereign organisations and in the Council case where applicable will be Cabinet decisions.

6.2 The proposal is a director level Alliance Delivery Board with the Croydon Transformation Board (CTB) holding the vote on key strategic decisions and oversight for the Croydon whole system (subject to sovereign organisations governance). The strengths of the proposed structure are:

- Aligns with the Alliance vision of driving whole system transformation and strengthens the influence of the Alliance on the strategic direction of Croydon.
- Provides the Alliance with the flexibility to adapt to an expansion of Alliance programme scope. For example, if a population cohort is included in the Alliance programme scope, the relevant strategic and operational group can be added on to the governance structure.
- Reduces fragmentation and duplication in the existing governance arrangements.
- Provides oversight to both the implementation and delivery stages of the transformation programmes.
- Enables proactive monitoring of risks and implementation of actions for risk mitigation, through operational engagement.
- Provides assurance to the governing bodies of the Alliance member organisations about the delivery and outcomes of the transformation programmes.
- Integrates the various workstreams and functions such as Finance, operations, contract and performance management, IM&T and workforce strategy across the Alliance organisations to enable continued engagement of stakeholders, information sharing and management of the transformation programme.

The governance structure proposed is set out below:



7. Contract and performance management approach

7.1 Each organisation in the Alliance has its own contract and performance management approach, processes and culture. The Alliance contract and performance management approach has been developed collaboratively with the contract managers of the member organisations. It takes in to consideration that organisations need to adhere to their own organisational policies and regulatory requirements while providing assurance to all Alliance members that the system objectives are being realised and that risks are identified and mitigated.

7.2 The Contract and Performance Management plan is developed with a vision to:

- Recognise discrete and relational elements of contracts;
- While achieving information collation and sharing;
- To enable continuous progress and performance review; and,
- Support the delivery of a successful transformation programme.

7.3 Figure 4 shows the proposed Contract and Performance Management approach. The contracts that are in scope are the Alliance agreement, in-scope Service Contracts between Alliance member commissioners and providers as well as any Service Contracts that commissioners may have with third parties that are not Alliance members (but still fall within the Alliance scope).These in-scope contracts will be managed based on the NAO Good practice guidance and through the use of products or tools that enable monitoring and management of the contracts.

Figure 4: Contract and Performance Management Approach

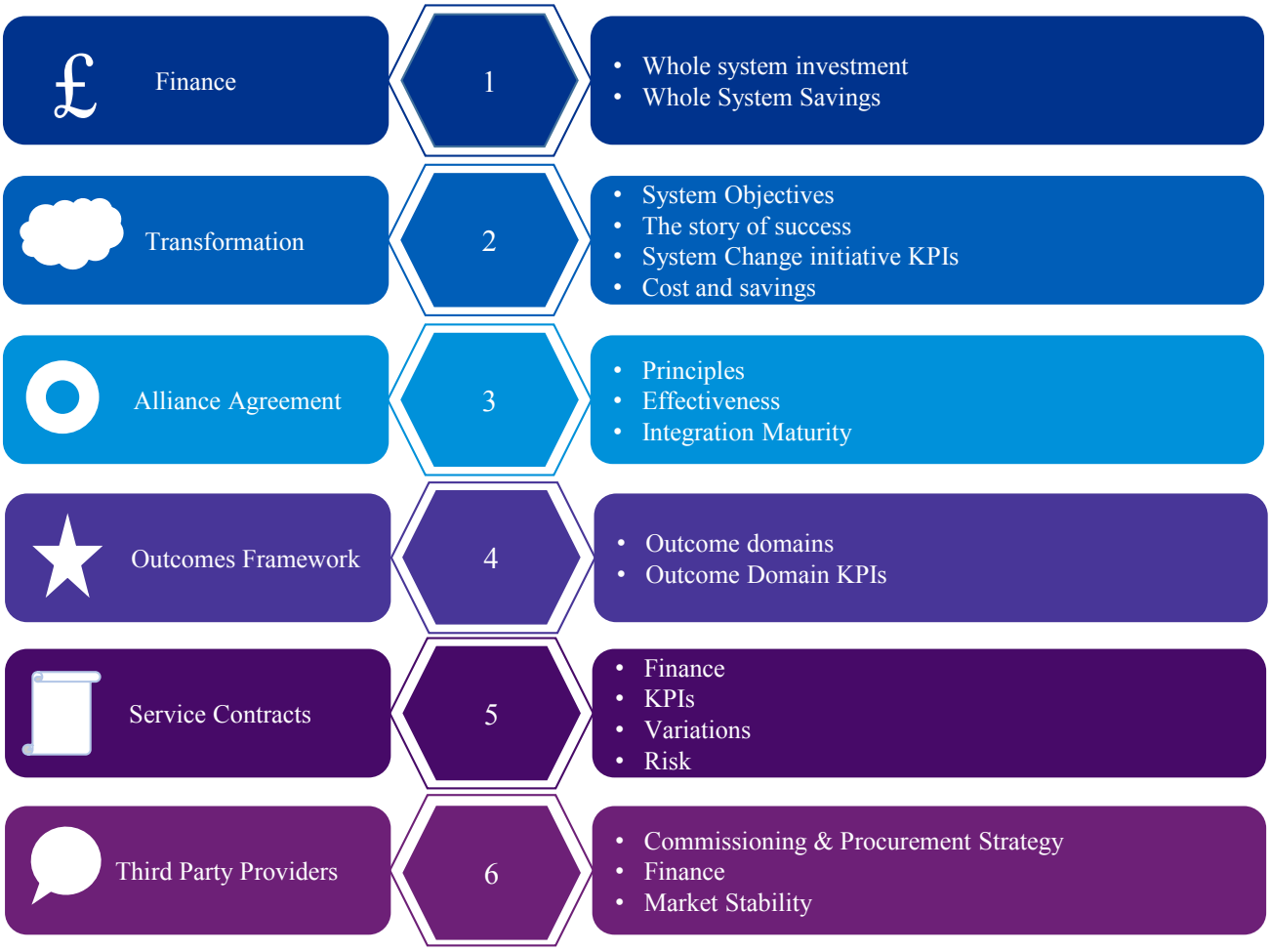
Performance management framework

7.4 One of the key tools that would support monitoring of performance across the in-scope contracts is the Performance Management framework. As shown in Figure 5, the Performance Management framework consists of six categories. Each of the categories has a set of metrics that will be measured and reported against. The performance management framework will be supported by:

- A **data analytics framework** that enables collection and analysis of data from across the system. The data analytics framework is currently being developed and tested for the OOH transformation.
- A **governance structure** (which sits within the proposed governance structure described in section 6) that enables risks and issues to be identified and escalated for resolution/ mitigation.

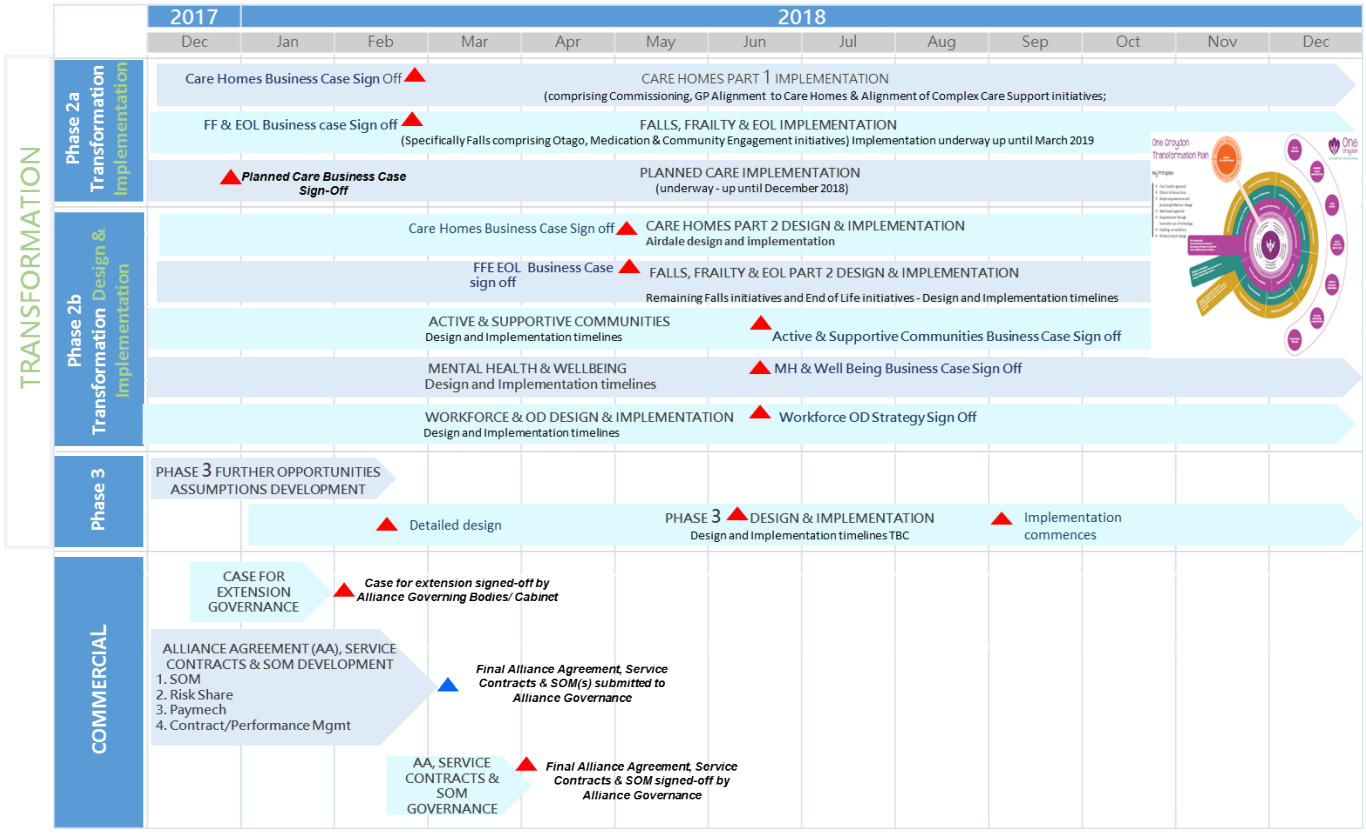
Each of the above components and proposed arrangements are described in the subsequent sections.

Figure 5: Proposed performance management framework



8 Key Programme Milestones

8.1 The following shows the plan for delivering the programme next year.



9. Commercial Proposals

9.1 The Case for Extension sets out the proposed direction for developing the Alliance commercial model. Key elements include:

- Extending the commercial framework provided by the Alliance Agreement
- Addressing misalignment of incentives within current payment mechanisms caused by the combination of PbR contracts for acute services and block contracts community services
- Strengthening performance and risk management
- Developing approaches to risk and gain sharing across the Alliance

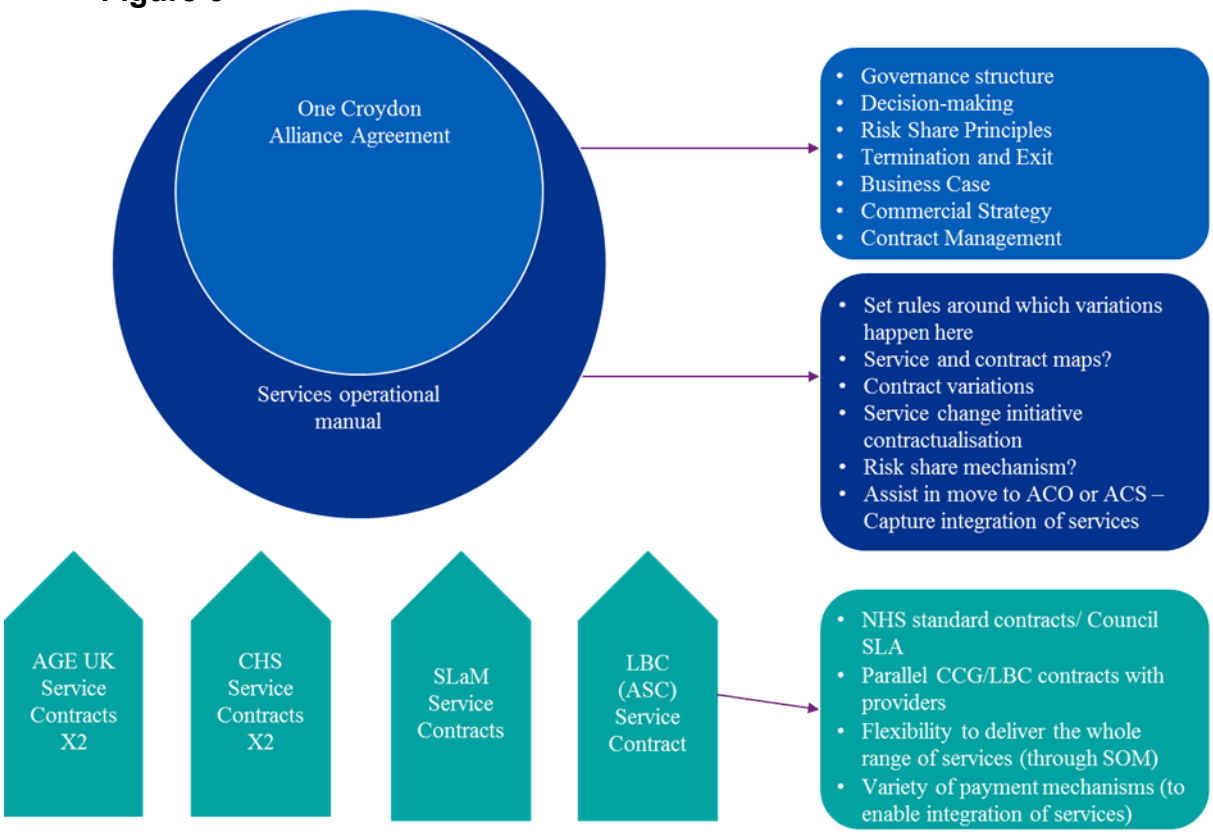
Table 3 – Key milestones for commercial negotiations

Workstream	Key milestones	Timing
Year 2 contract	Confirmation of 2018/19 operational and financial plans by end of January 2018.	February 2018
	Agreement of 2018/19 (Year 2) contracts and risk share.	March 2018
Phase 3 transformation	Development of Phase 3 transformation plans.	June 2018
Year 3-4 contract	Confirmation of 2019/20-2020/21 operational plans. Agreement of 2019/20-2020/21 (Year 3-4) contracts and risk share by March 2019.	October 2018
	Confirmation of 2019/20-2020/21 financial plans.	December 2018
	Agreement of 2019/20-2020/21 contracts and risk share.	March 2019

Proposed Commercial Framework

9.2 It is proposed that the Alliance Agreement will be extended from April 2018 Year 2 to provide a commercial framework for continued implementation of Transformation Business cases as shown in the Figure 6 below. This will include the addition of a Services Operations Manual (SOM). The SOM will facilitate the contracting, record of variations of integrated services delivered by multiple Alliance members, as well as common system protocols and risk share.

Figure 6



9.3 An Alliance working group has been established to identify opportunities to improve alignment of incentives development and overarching approach to outcomes based payments and risk/gain sharing to improve alignment of incentives. The Alliance working group agreed on a set of design principles and parameters to be used for the risk share against a Notional Alliance Budget, as shown in Figure 7.

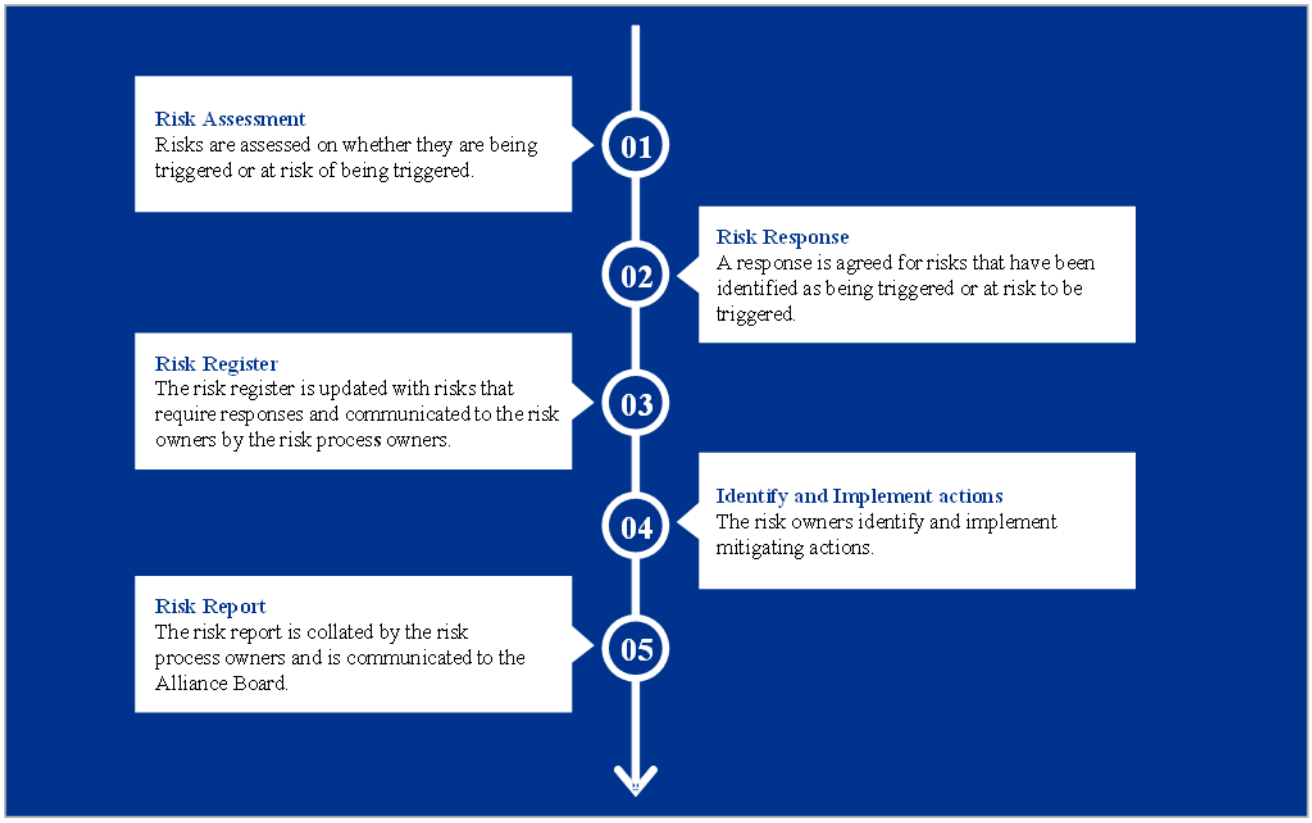
Figure 7: Alliance risk and gain share principles

9.4 The Alliance has developed an Outcomes Framework to measure achievement of objectives and to demonstrate progress on delivering commitments to the Croydon population. Measuring outcomes and publishing of results is vital for transparency, accountability and to promote shared ownership of goals across the Alliance. This will strengthen non-financial incentives for improvement and should impact very positively on behaviours.

9.5 The Alliance Agreement also sets out a clear intention to introduce outcome based payments. In particular in point 2.4 of the Alliance Agreement it states that *"We have agreed to form Our Alliance to progress the work of the Commissioner Participants to introduce outcomes based contracting for the delivery of the Services and, in particular, to establish an improved financial, governance and contractual framework for the delivery of the Services".* The long term aim is that this forms an integral part of a capitated payment system for the Croydon.

9.6 Alliance working provides significant opportunities for collaboration to strengthen performance and risk management. The Alliance has already demonstrated the benefits of such collaboration in the way it has collaborated to reduce Escalation Beds at CHS. Going forward there are opportunities to embed good practice in joint performance and risk management within the Alliance approach to governance and integrated operational management. Figure 8 is a proposed risk management process.

Figure 8: Proposed Risk Management Process



Next Steps

9.7 Engagement with Alliance Members has demonstrated that further work is needed to address the prerequisite conditions described above before contract and risk/gain sharing negotiations can progress. Agreeing contract values (£) for 2018/19 and for future years depends on prior agreement of operational and financial plans for transformation. By agreeing the plans and the contract values (£) the inherent risk of the plan will be more transparent. The Alliance members will then be in a better position to understand the risks and decide on their position.

Table 4: Key milestones for commercial negotiations

Workstream	Key milestones	Timing
Year 2 contract	Confirmation of 2018/19 operational and financial plans by end of January 2018.	February 2018
	Agreement of 2018/19 (Year 2) contracts and risk share.	March 2018
Phase 3 transformation	Development of Phase 3 transformation plans.	June 2018

Year 3-4 contract	Confirmation of 2019/20-2020/21 operational plans. Agreement of 2019/20-2020/21 (Year 3-4) contracts and risk share by March 2019.	October 2018
	Confirmation of 2019/20-2020/21 financial plans.	December 2018
	Agreement of 2019/20-2020/21 contracts and risk share.	March 2019

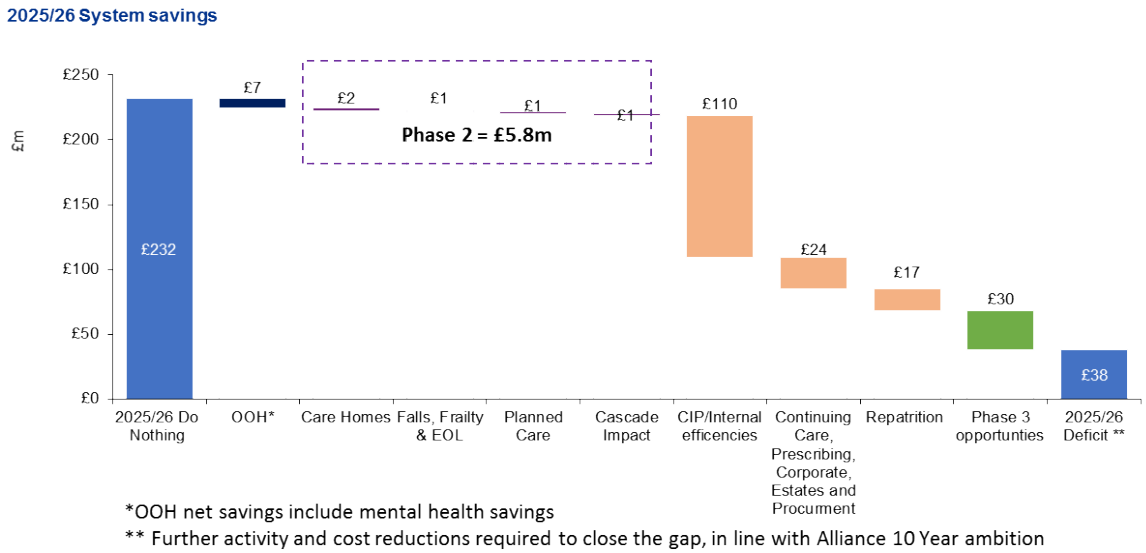
10. CONSULTATION

10.1 The outcomes for the original OBC contract were produced by the residents of Croydon in 2014 leading to the 6 'I statements' around which all models of care are designed. The Alliance has an active residents and patients group which meets regularly to consider progress on the current models of care and the design of new ones. As the Alliance partners bring forward additional scope and new models of care further consultation and engagement will be needed.

11. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

11.1 The following demonstrates the potential impact of the transformation phases and efficiencies over a 10 year period on the "Do Nothing" position which shows the health and care system to be unsustainable if transformation and collaboration does not take place.

Financial Bridge Diagram



11.2 The Council's in scope spend is currently c£45m per annum. The council has a 5% savings/efficiency target per year to meet after demographic and non-demographic growth has been added. The following shows the in scope budget as at December 2017.

Indicative projections for OBC in-scope services	2015/16 Actuals	2016/17 Actuals	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Base line spend (£m) included Fixed costs	45.4	46.0	45.4	45.4	45.4	45.4	45.4	45.4	45.4	45.4
+ Demographic Growth (£m)			2.5	3.5	4.5	5.6	6.8	8.2	9.6	11.1
+ Non Demographic Growth (£m)			1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0
+ Inflation ('Do Nothing' base case) (£m)			0.8	1.2	1.7	2.2	2.7	3.3	3.9	4.6
- Council efficiency savings (£m) 5% per year			- 2.4	- 4.7	- 7.1	- 9.5	- 11.9	- 14.3	- 16.7	- 19.1
Total 'Maximum Affordable OBC Budget' (£m)	**45.4**	**46.0**	**47.2**	**47.3**	**47.5**	**47.7**	**48.1**	**48.6**	**49.2**	**49.9**

The effect of the decision

11.3 As can be seen from the table above a "do nothing "position for over 65's would produce an additional £25.5 million budget pressure by year 9. The financial modelling of "a do nothing position" for the council for whole system is currently being worked up. However it is clear that without transformation the pressure on the council's budget would be significant and possibly not sustainable. Our ability to be able to provide high quality services in adult social care would be extremely challenged. Working together as an Alliance is demonstrating the positive impact across the system, already reducing people length of stay in hospital, avoiding admissions and long term care packages. The positive outcomes through reablement and recovery model are known and we are starting to see a real impact on the residents of Croydon receiving these services and a more motivated multi-skilled workforce working together.

Risks

11.4 The risks of a "do nothing" position are substantially worse than risks presented by the alliance model. However as we change models of care it is clear that initially some activity in social care has risen, and even though we are seeing longer term reductions in the amount of care needed per resident, nonetheless the risk is there. This is however mitigated by the risk share principles and risk management plan as part of the planned final alliance agreement and also the investment plans contained in the out of hospital business case

11.5 In undertaking this transformation there are also delivery risks in terms of the significant cultural changes and new ways of working to deliver the new models of care and the need to ensure over time that funding is shifted from the acute care sector into community, social care and prevention. Within the Alliance programme of work is a detailed workstream in relation to cultural change and organizational development. The risk share and clear criteria for transition from payment by results to capitation are hard wired into the agreements to move forward and the risk share will mitigate the resources risks during block payment period.

Approved by: Lisa Taylor, Director of Finance Assets & Risk

12. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

12.1 The Council has taken legal advice on the proposed extension of the Alliance. External legal advisers (Gowling WLG) have advised that the important feature of the Alliance Agreement structure is that the Alliance Agreement itself is not a contract for the provision of services. It is a collaboration agreement under which the parties agree how they will make collective decisions affecting health and care services in Croydon and setting out the principles of how they will behave and how risks and rewards will be shared etc. The Alliance Agreement itself is therefore outside the scope of the Public Contracts Regulations 2015 (PCR 2015) which are concerned with contracts for services, goods or works.

12.2 The underlying services contracts and any associated Service Operations Manuals (see Figure 6 above) are within the scope of the PCR 2015 and consideration will need to be given to ensure that contracts for any new services beyond those for the over-65s are awarded in accordance with the PCR 2015.

12.3 Accordingly, the Alliance Partners may agree to expand the scope of the Alliance to consider services beyond services for the over-65s without infringing public procurement law. That will enable the Alliance Partners to consider, plan and re-design services beyond the services provided for over-65s.

12.4 Considerations arise when the Alliance Partners (and specifically the commissioners) need to decide on which provider or providers is/are best placed to deliver the services in question. Specifically:

- In awarding any new contracts for the provision of services beyond those for the over-65s, the commissioners will need to consider their obligations under procurement law at the point of awarding the relevant services contract(s). It may be that a competitive tender is needed once commissioners have identified the opportunity and established that an advertised tender is the best means of meeting their requirements. If that is the case then some care will need to be taken to ensure that Alliance Partners are not given undue advantage in bidding for the opportunity by having been involved in pre-tender discussions and plans for the services.

- Commissioners may require providers bidding for any new services to commit to becoming a member of the Alliance as part of any successful bid. That would ensure that all material providers of services in Croydon are members of the Alliance.

- It is also possible – and this has been seen in some parts of the NHS – that the commissioners determine that, given the nature of the 'new' services, those services can only realistically be provided by the Alliance Partners. The relevant exemption under the PCR 2015 in these circumstances is that competition is effectively absent. Additionally, commissioners sometimes make use of a Prior Information Notice to advertise their intentions (i.e. to make a direct award to the Alliance) and, in doing so, can mitigate the effects of any potential procurement law challenge. Such a notice meets the requirements of openness and transparency.

Approved by: Sandra Herbert Head of Litigation and Corporate Law on behalf of Jacqueline Harris-Baker Director of Law and Monitoring Officer

13. HUMAN RESOURCES IMPACT

13.1 There have been a number of staff consultations, integrating service teams across providers in the alliance. Some staff have co-located in community services. We will continue to need to work to reform and change our workforce for a modern health and social care economy in Croydon.

Approved: Gillian Bevan, Acting Head of HR on behalf of Director of Human Resources

14. EQUALITIES IMPACT

14.1 An equalities impact assessment was conducted at the beginning of the Outcomes Based Commissioning process. As programme scope changes, we need to conduct individual impact assessments.

15. ENVIRONMENTAL IMPACT

15.1 There is currently no or limited environmental impact.

16. CRIME AND DISORDER REDUCTION IMPACT

16.1 There is currently no or limited crime and disorder impact.

17. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

17.1 The work on the new model of care in Croydon is demonstrating positive impact on our residents in terms of outcomes as well as financial impact. The collaborative nature of this works means we can provide person centred care that is multi-disciplinary in nature further our ambition to integrate our health and social care services for Croydon residents.

CONTACT OFFICER: Rachel Soni, Alliance Programme Director, Matt White, Head of Older People's commissioning and Brokerage]

APPENDICES TO THIS REPORT

Appendix 1: Cabinet Report December 2016

BACKGROUND PAPERS: None