HEALTHIER COMMUNITIES SELECT COMMITTEE				
Report Title	South East London CCG System Reform			
Contributors	South East London Commissioning Alliance Martin Wilkinson, Managing Director, Lewisham CCG		Item No.	7
Class	Part 1	Date: 8 October 2019		
Strategic Context	The report provides an update on proposals to establish a single Clinical Commissioning Group for south east London			

1. Purpose

This report provides members of the Healthier Communities Select Committee with an update on the proposed merger of Lewisham, Lambeth, Southwark, Greenwich, Bromley and Bexley Clinical Commissioning Groups (CCGs) to form a single CCG for south east London. The paper outlines:

- Context for the merger proposals
- Case for change for merger
- Process followed to date in support of this application
- Key features of the proposed new CCG
- Operating model and governance of the proposed new CCG
- Process through which the capacity and capability of the new CCG will be secured
- Arrangements for the ongoing assessment of risks, mitigations and benefits

2. Recommendation

Members of the committee are recommended to:

- Note the proposals to establish a South East London Clinical Commissioning Group

3. Policy Context

The NHS Long Term Plan

Our proposals for merger form part of south east London's (SEL's) response to the Long Term Plan for the NHS in England published in January 2019. The Long Term Plan clearly outlined the importance of orientating commissioning and provider working around populations at a Neighbourhood (circa 50k), Place (circa 150 to 450k) and systems (over 1m) and this mirrors the arrangements

outlined by the SEL Integrated Care System (ICS) for a 'system of systems' approach where neighbourhoods are understood to be organised and coterminous within the boroughs in which they sit, where our natural 'Places' are our six boroughs and our system is, on a long standing and well evidenced basis, south east London.

The Long Term Plan goes on to outline the future of CCGs in England and states, in the context of ICS development, which the plan mandates:

> *"Every ICS will need streamlined commissioning arrangements to enable a single set of commissioning decisions at system level. This will typically involve a single CCG for each ICS area. CCGs will become leaner, more strategic organisations that support providers to partner with local government and other community organisations on population health, service redesign and Long Term Plan implementation." (pg. 29 LTP Chapter 1)*

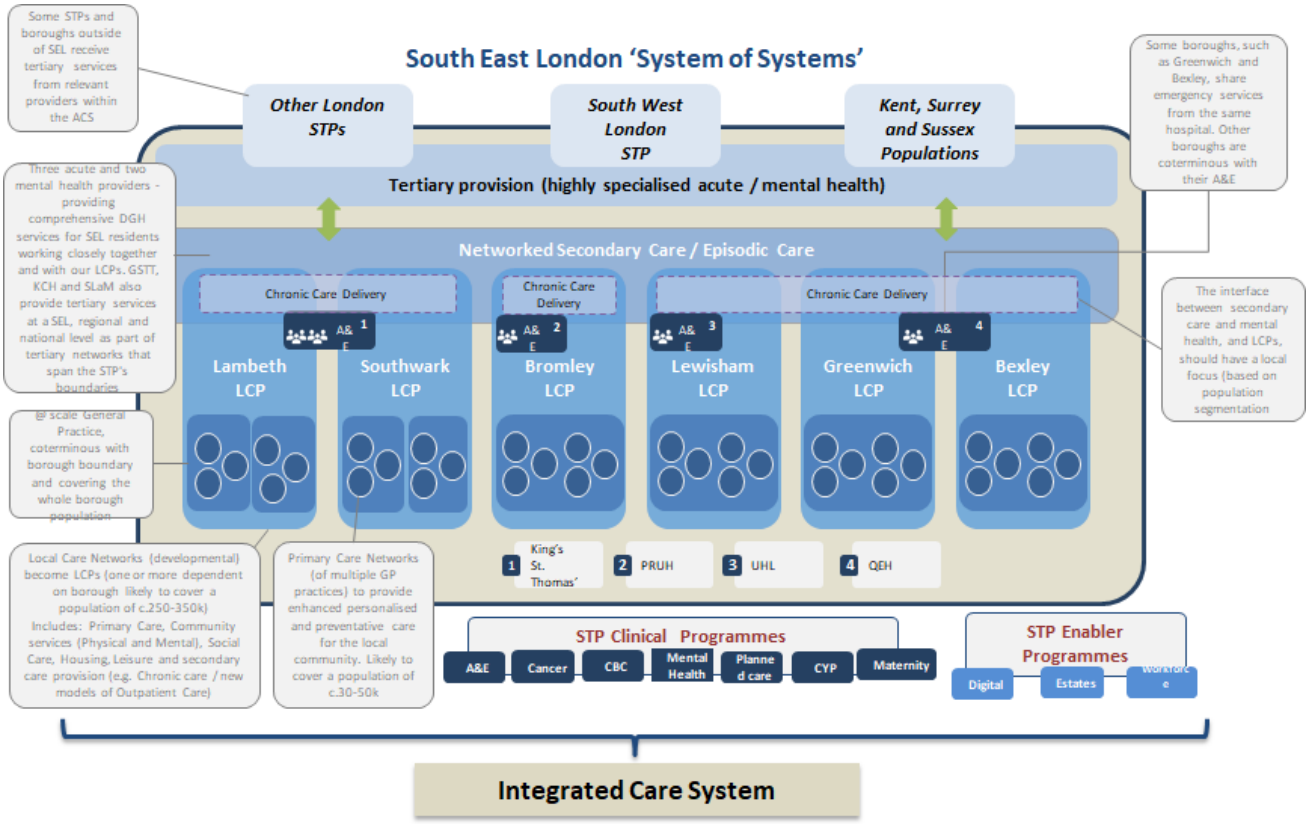
The creation of a SEL CCG allows for the simultaneous and coordinated commissioning of all three population scales which is critical due to the interdependence of our system (given patient flows) in terms of quality, performance and financial sustainability. It also supports the changes to the commissioning function outlined by the Long Term plan, noting that in SEL we had already, as part of the CCG Alliance and STP work as an Aspirant ICS, recognised the need to make changes to our system in advance of that.

CCGs of whatever size will remain sovereign commissioning bodies in their own right and their statutory duties to their residents remain unchanged by merger.

A CCG for SEL will be coterminous with the footprint of the SEL ICS and the six local authorities in SEL.

As both a collective of CCGs, Sustainability & Transformation Partnership (STP) partners and now ICS partners we have outlined the requirement for a 'system of systems' approach to the future commissioning and delivery of services in SEL, and supporting improved sustainability and health outcomes. That 'system of systems' map is provided in figure 1.

Figure 1: South east London 'system of systems' map



It is critical that the merger proposals for the CCG do more than aggregate a statutory body across a bigger footprint. The coterminousity of the new CCG and the ICS is important in overall terms, but critically so in terms of our ability to differentiate the scale of commissioning activity, including deepening the local focus of health and care commissioning at borough level with local authorities, whilst enhancing our ability to join up decision making when care pathways extend beyond that borough.

4. Case for change

Our application for merger is made in support of our ambition to secure more integrated, high quality and sustainable services for SEL's residents and in response to the NHS Long Term Plan (January 2019). The 'case for change' was agreed by CCG Governing Bodies in May 2019.

It responds to the policy context in which we operate, in addition to the very immediate challenges faced by SEL in terms of quality and variation of outcomes, performance and finance.

Objectives

Through the creation of a single SEL CCG we are seeking to create a commissioning system that:

- Locates and coordinates decision making for the populations we serve and the services we commission at the scale at which they are best planned and delivered

- Brings about a greater integration of health and social care commissioning around the wider needs and wellbeing of our population and the whole person
- Fundamentally shifts the interaction between providers and between commissioners and providers towards collaboration and collective responsibility for patient outcomes, service delivery and living within available resources

We will be changing our commissioning arrangements alongside the establishment of provider and commissioner alliances in each borough (Local Care Partnerships) and at SEL level as the platform for our developing ICS.

Case for change

In May 2019, the CCG Governing Bodies concluded a process of testing a case for change that has underpinned our subsequent work to describe and make arrangements for a new commissioning body. The case for change was based upon creating a new commissioning approach that would derive:

- Responsive population-based commissioning at very local (neighbourhood), borough, and system (SEL) place levels that those diverse communities require - simultaneously through the redesign of commissioning functions and planning and co-ordination of a single commissioning authority.
- A different approach to commissioning - that gives greater focus to system strategy, planning and oversight; greater integration of health and social care commissioning; and enables alliances of providers to take 'traditional commissioning roles' in service design, responding to populations of similar geography or need.
- The ability to derive solutions at the required scale and pace, to the quality, performance and financial challenges that cannot be resolved by our current organisations working in isolation.
- The requisite capacity and different capability required to commission services for our populations going forward within a reduced management cost envelope and in line with the above objectives.

In addition, we recognised the clear need to take control and secure the very local design of our new commissioning system at the earliest opportunity, recognising the need to:

- Go beyond a simple aggregation of our organisations and design a CCG that empowers commissioning focus at every tier of our multi-layered system.
- Take urgent action in recognition that the quality, performance and financial challenges we face are long standing and we know now require a more coherent commissioning response beyond the collaborative actions of separate commissioning organisations currently in place.

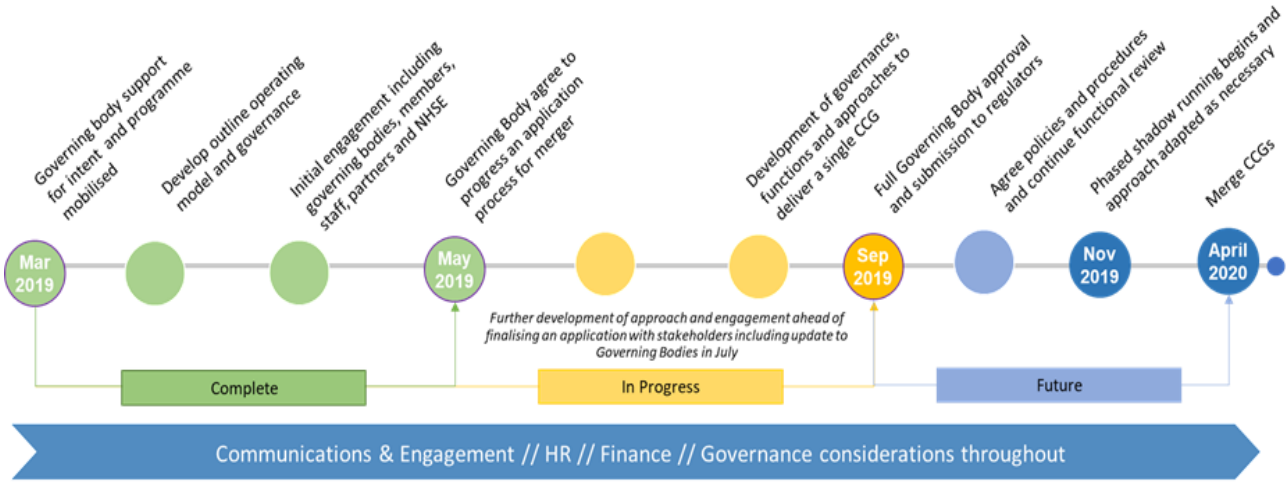
- Ensure that the required reduction of management costs in SEL is underpinned by a planned redesign of our approach to ensure their achievement retains the requisite capacity and capability, rather than a simple reduction in resource.

5. Delivery

In SEL the CCGs have set up a 'CCG System Reform' process to take forward the merger proposals, including the establishment of a governance structure to deliver both 'pre' and 'post' application activities.

The summary process for the reform programme is provided in figure 2.

Figure 2: Summary Process



Pre-application and application

The vast majority of reform programme work between March and August 2019 has been focused upon engagement to shape a new CCG design, taking due account of views expressed.

Following initial engagement with stakeholders and consideration of the NHS Long Term Plan in February and March, the CCG Governing Bodies agreed to submit an expression of interest for merger to the Regional Director for NHSE&I in April 2019.

In May 2019, Governing Bodies agreed a case for change for the merger of the CCGs in SEL and approved the continuation of development and engagement on proposals to merger and on the specific design of that new body and how it would work.

During September 2019, our proposed merger application was considered and approved by Lewisham CCG's Governing Body. The GP practice membership in Lewisham also agreed a new constitution for a SEL CCG and the dissolution of the current CCG from 1 April 2019.

There has also been agreement from all of the other five CCG Governing Bodies and the memberships of Bexley, Bromley, Greenwich and Southwark

CCGs, with further work with members in Lambeth to clarify some local outstanding concerns.

An application was made to NHSE&I on 30 September 2019, which is now subject to an assurance process by our regulator over October and either an approval, conditional approval or rejection in early November 2019.

Post-application

Should our merger application be successful then the focus will be on implementation processes including possible shadow running where appropriate. Major programmes of work will relate to:

- Structure design, engagement and consultation with staff, followed by implementation
- Population of the shadow Governing Body membership so that the leadership group can begin to oversee transition more directly
- Full preparation of organisational 'handover and closure' including staff transfer to the new body where that will relate to TUPE, employment liabilities, policies and procedures, ledgers etc.
- Establishment of Borough Based Boards with agreement upon both the level of formality of joint arrangements to be established at 'Place' from 1 April 2020 in each borough, recognising that these arrangements will develop over time.
- Ongoing communication and engagement with stakeholders upon the implementation of these changes.

Engagement

The proposals outlined are the product of an extensive period of engagement with the full range of stakeholders and partners across SEL. Our communications and engagement plan outlined our approach in detail and we have implemented it in full with over 120 meetings alongside other communications conducted with residents/ population, member practices, NHS providers, Local Medical Committees, Healthwatch, local government leadership, Health and Wellbeing boards, Overview and Scrutiny Committees, the wider ICS partnership, other London STPs and NHS regulators.

The purpose of this engagement was to shape our proposals, to ensure a full awareness of them and their implications, and to ensure we have demonstrably taken account of views expressed.

Our approach to engagement has been shaped by the following:

- The need to engage across six boroughs and so we have ensured that we have undertaken this process both in individual boroughs but also by bringing the six boroughs together to have shared discussions in some instances.
- The wide range and number of stakeholders and partners to engage with, which has required us to utilise small and large scale face to face

meetings, attend existing meetings (e.g. Health and Wellbeing Boards), and produce written briefings and updates

- The fact that the act of merger does not involve any changes to services

6. A single CCG - key features

The proposed CCG remains co-terminous with the six boroughs. In response to the case for change above and taking account of views expressed in our engagement processes, we have designed and agreed a merger proposal that formalises arrangements for SEL commissioning at scale, whilst establishing 'Place' or Borough Based Boards that will take delegated authority for planning and delivering more localised change (see Appendix One – Outline Governance Arrangements).

The main features of our merged CCG proposal:

- **Coherence** - A single and coherent approach to commissioning for the entirety of our population organised through a single commissioning authority that is clinically led by our Governing Body, connected to and led by our membership through a Council of Members.
- **Clinically led** - A clinical leadership approach that retains the best features of a clinically led organisation as a CCG but recognises the broader clinical leadership offered by developments such as Primary Care Networks (PCNs), our ICS clinical programmes and our Local Care Partnership (LCP) leadership teams.
- **Responsive** - Prime committees that secure both the safe and effective commissioning of services in line with our statutory duties right across SEL, and place delegated authority to enable decision making at the most appropriate scale, through Borough Based Boards in the case of the commissioning of community based care with a greater integration of health and social care commissioning.
- **ICS ready** - A clear interaction and shift towards collaboration between commissioners and providers, and between providers by organising commissioning arrangements alongside emergent commissioner and provider Alliances at SEL and borough level, referred to as Local Care Partnerships (LCPs) at the borough level.
- **Affordable** - An operating model that will reorganise our management resource to support our delivery whilst living within our management cost allowance through the removal of duplication, inefficiencies, and the concentration of expertise.

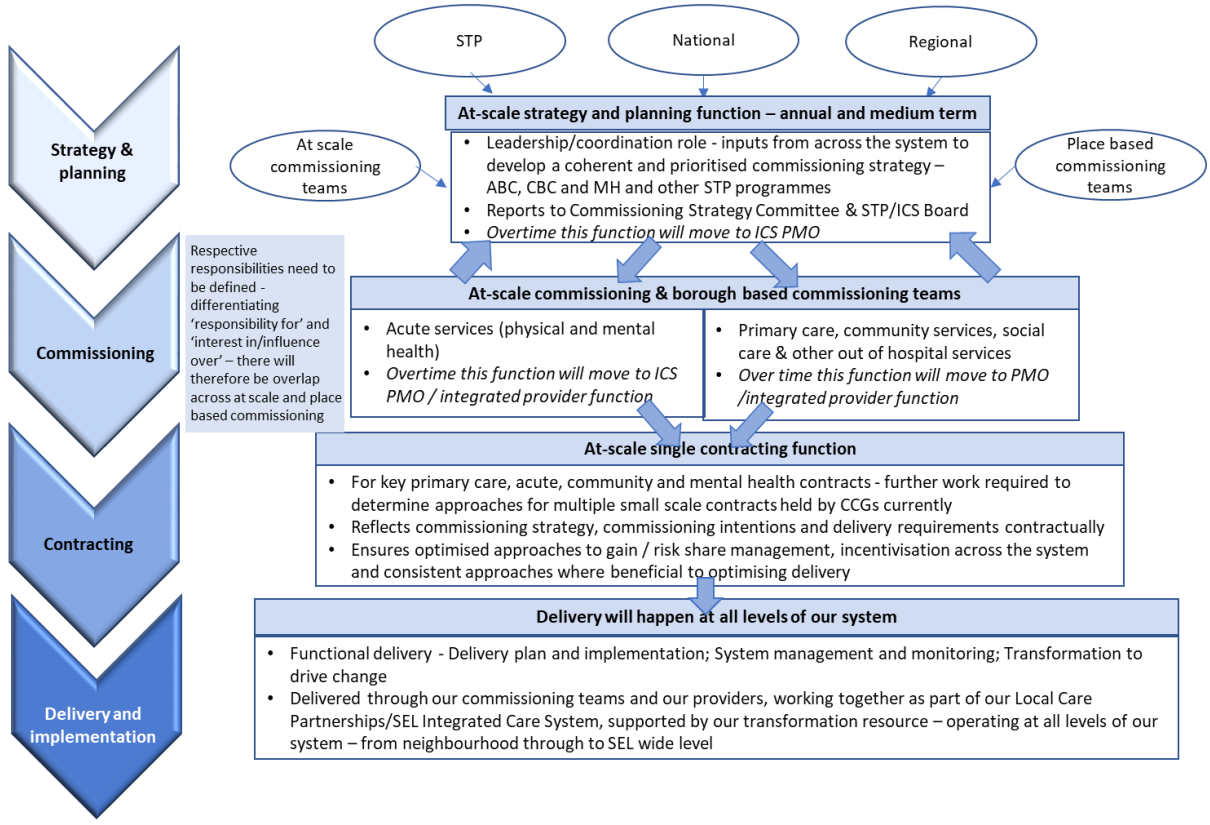
Operating model

Decision making

The merger proposal establishes a commissioning operating model that is reflective of our 'system of systems' and the need for a multi-layered response at each tier of the system. Planning and commissioning (for all areas) would be

led and coordinated at SEL level by the Governing Body supported by its local (borough) and SEL committees. Annual commissioning plans will include engagement with and be recommended for support by the Council of members. Figure 3 outlines the commissioning process within the new CCG:

Figure 3: Commissioning processes within the new SEL CCG



Borough teams will have an interest in and influence upon all SEL commissioning including generation of local priorities with local member practices and clinicians to feed into SEL wide plans. This will either be organised and developed through Borough Based Boards or through the coming together, with equal representation, of clinicians and managers in SEL fora.

Within the model:

- The Specialised / Acute planning and commissioning function will be undertaken once across SEL with associated responsibility, authority and budget
- The responsibility, authority and budget related to Primary/ community / out of hospital services will be delegated to Borough Based arrangements (including a Borough Based Director and a Borough Based Board) who sit on the Governing Body
- In all cases, budget and other financial information will be transparently shared across SEL and boroughs
- Primary Care strategy development, planning and commissioning intention creation will be undertaken at borough level

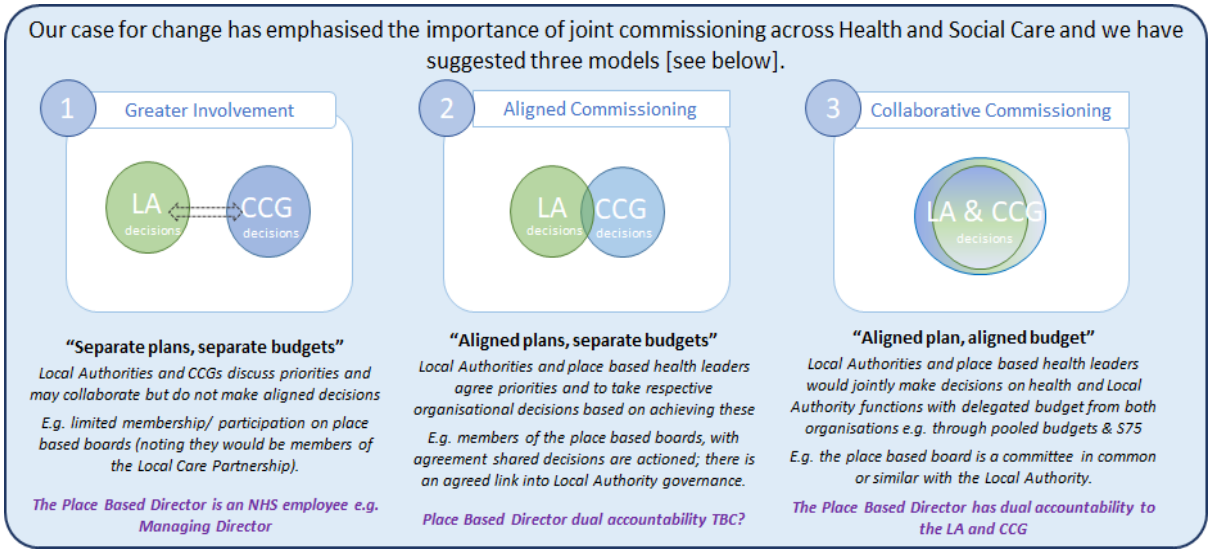
- Should boroughs wish to undertake further delegated responsibilities, a set of criteria has been agreed (and can be found in the 'Outline Governance Arrangements' document – Appendix two) and against which such proposals would be considered by the SEL CCG Governing Body.

Borough Based Boards

A key feature of this model is the ability to commission local and in particular community-based care services at borough level. Our proposals create the opportunity and expectation that that will be undertaken in the best interest of residents if it is increasingly a joint or integrated commissioning board across health and care in partnership between the SEL CCG and the Local Authority for that borough.

To that end the proposal makes clear that each local authority has the opportunity to agree with the CCG both the level of formality, with which they would like to operate a shared arrangement, drawing upon one of the three models outlined in figure four. This application formalises that opportunity only and between 30 September 2019 and 1 April 2020 there will be opportunity to make further agreements within each borough as to the local start point and the trajectory for change.

Figure 4: Three models for shared commissioning arrangements



In addition to these arrangements it is the clear expectation that in each borough the LCP will directly interact with commissioners on the Borough Based Board (and for many of the commissioners, they will already be a part of the those Commissioner / Provider relationships).

It is envisaged that this will be conducted via formal meetings, likely in two parts, - the Borough Based Board and then together with the LCP Board.

Governance

The Outline Governance Arrangements document (Appendix One) in support of this application provides full details of SEL's proposals. These establish a Council of Members allowing the membership a clear forum for engagement but also importantly to participate in the decision making of the CCG within its mandate as well as hold the Governing Body to account for delivery against it; a Governing Body that is both compliant with statutory requirements and contains equal representation from each of the six boroughs; and a series of prime committees including Audit, Remuneration, Integrated Governance and Performance, Commissioning Strategy, Primary Care Commissioning Committees, and the six Borough Based Boards (also prime committees).

The Terms of Reference for the Audit, Remuneration and Primary Care Commissioning committees will be contained within the draft Constitution document. In the case of Borough Based Boards it is important to note that their final composition will be reflective of the formality of joint arrangements and leadership in each borough. However, in order to ensure safe and effective governance arrangements it will be the case that minimum voting membership of the Borough Based Board will be established, and this is detailed in Appendix One.

Constitution

The draft constitution prepared for the new organisation required the approval of the CCGs' membership, according to the requirements of their current constitutions for those decisions reserved to them accordingly. It is important to note that the document is draft and that some elements of the constitution are not yet fully agreed. Those areas that remain outstanding do not relate to the proposed decision-making or governance of the CCG, as it relates to commissioning patient care, but rather to mechanisms for voting in future upon matters reserved to the membership, where a consensus cannot be reached. NHSE&I guidance requires provision of a plan for the constitution as part of the merger application.

Clinical leadership

The new CCG will continue to be a clinically led membership organisation. It will however operate in a new operating environment where clinical and professional leadership will change.

The current proposals establish a Council of Members for the CCG providing a vehicle through which practices can participate in decision-making appropriately and hold their Governing Body to account. That Council of Members will have borough-based divisions for the purposes of local clinical engagement, each chaired by an independent (of the Governing Body and borough-based boards) local GP. In addition, we have ensured that clinical leaders are included from all boroughs, equally, on SEL decision making groups, including the Governing Body. We intend to perpetuate our clinical associate type arrangements albeit they will change over time.

Our CCG arrangements are set in a context of change as we move toward ICS ways of working and so our merged CCG will also sit in the context of a changing landscape including PCN and LCP development right across SEL,

offering new and different forms of clinical leadership and input. As such we will need to develop further proposals for this area post application and ahead of April 2020, acknowledging that changes will also continue to be made after that date.

Management resources

The section that follows provides details upon the process by which the new CCG's management structures will be populated, noting our clear assessment that current Alliance management structures provide a firm platform from which to build a single CCG's management support, with the changes outlined below, but that it does require change in order to improve or optimise our approach whilst ensuring it is affordable.

In May 2019, the Governing Bodies approved the overall Operating Model for management structures and that is provided within the Outline Governance Arrangements document. It sets an expectation that the SEL CCG and all its parts will work as 'one team' and will need excellent interfaces, underpinned by significant organisational development (for which a final outline organisational development strategy will be prepared as part of the final application). It is also aimed at and designed to ensure that proposals stay within the management cost envelope, which is significantly less than received currently. This, alongside improved effectiveness, is achieved in part through a number of functions being performed by teams that are either single SEL teams working with and on behalf of each borough or SEL teams with 'embedded' resource, physically working in each borough. The model then includes functions that will work as fully borough-based teams.

Executive leadership

The following Executive team structure is proposed for the CCG (for which the portfolios and responsibilities are outlined in the Outline Governance Arrangements document – Appendix One):

- **An Accountable Officer** – the single CCG will require a single AO and from the 1 October 2019 all six CCGs will share the same AO. This will be a CCG Governing Body voting member.
- **A Chief Financial Officer** – the single CCG will require a single CFO and pending the outcome of consultation and implementation of current proposals, the six CCGs will share a single CFO, and this will be confirmed in advance of application and be enacted in November 2019. This will be a CCG Governing Body voting member
- **Six 'Place' Based Directors** – the operating model for the CCG describes leadership positions for each borough. At this point we can confirm that as a minimum there will be one appointed Place Based Director with dual accountability to the CCG AO and Local Authority CEO (Lambeth) and five Directors with borough leadership responsibility for aspects of NHS commissioning and working as part of agreed joint arrangements with the respective Local Authorities. All six will work with and through a Borough Based Board. It is anticipated that 'Lambeth' type arrangements might be adopted in other boroughs either

in advance of 1 April 2020 or post-merger. They will be voting members of the CCG Governing Body.

- **A Chief Nurse** – This new executive director role will be created and will have responsibility for Nursing, Quality, Safeguarding and other related requirements that should be exercised by an Executive Director, once for the CCG, in line with statutory requirements.
- **A Chief Operating Officer** – This post will be responsible for overall leadership of corporate, governance, assurance, communications and engagement, and business support functions. The post will ensure the effective leadership and co-ordination of the CCG across it's multi-layered SEL and borough structures.
- **An Executive Director of Commissioning and Planning** – providing leadership and coordination of the CCG's commissioning strategy and planning process (working with SEL wide and borough-based teams plus ICS partners) and leadership of specialised/ acute commissioning and wider contracting functions.

The team above represents a near equivalent 'head-count' of executive directors as offered by current Alliance arrangements, with the addition of the Chief Nurse post. When taken together this team satisfies the requirements of the CCG as a statutory body, abides by and is well placed to lead the proposed CCG Operating model.

7. Securing capacity and capability

Over the next six months the system reform programme will lead, on behalf of the CCGs, a process for design, consultation and implementation of full CCG structures for April 2020.

To date, an initial phase of staff engagement on a number of functions has been conducted which included discussions with over 200 staff. The approach was agreed in July 2019.

This approach excludes finance structures, the primary care contracting team that will be a 'lift and shift' from current SEL wide arrangements; primary care support teams in each borough (that will be maintained as part of wider borough transformation teams in most cases); or Medicines Optimisation Teams in each borough. The latter two areas represent clear commitments made to member practices during the engagement phase. Finally, it will not relate to the current Our Healthier South East London (or ICS) team, the consideration of which will be taken forward as an ICS wide engagement aligned to our Wave three ICS development programme.

8. Responding to engagement

These proposals have taken due account of the programme of engagement activities, the issues raised and the changes to our proposals made as a result.

In general terms the proposal for merger has received a high level of support from stakeholders and partners. This is particularly true of the arrangements that allow a single commissioning authority to appropriately address the full

pathway of care received by residents through commissioning more effectively across SEL, whilst ensuring a more integrated health and care approach to commissioning in each borough.

In terms of support, all 17 ICS partners are signatories of the SEL Wave Three ICS application in May 2019, which proposed merger. In addition, each of the NHS Providers and the ICS have provided written letters of support for the proposal to merge.

Each local authority in SEL is actively engaging in preparations for the implementation of Borough Based Boards.

Engagement with local residents and patient groups has been positive, noting some express a concern as to whether the new CCG would lose local borough connectivity, responsiveness and the ability to take account of the views of local people. The establishment of Borough Based Boards and arrangements we have established or committed to locally (in boroughs), in terms of maintaining local partnerships and engagement, alongside further explanation of the statutory requirements of a CCG, irrespective of size, have sought to address those concerns.

The Healthwatch organisations across SEL have expressed their support and have agreed the recruitment of additional resource with the CCGs to allow them to operate effectively at borough and SEL levels.

Finally, in the case of member practices, support has been expressed for merger. Concerns have, however, been shared around the governance arrangements within the constitution (in relation to Governing Body composition, voting and the Council of Members arrangements) and the availability of resources in local CCG support teams to general practice. Our proposals have taken clear steps to address those areas.

Our widespread engagement has provided invaluable feedback. As a result, we have been able to make concrete proposals that demonstrably respond to potential issues and concerns raised by stakeholders.

9. Understanding impact, risks and benefits

Importantly, the act of merger does not involve or require changes to service provision for residents. Instead our merger proposals create a safe and effective commissioning system capable of discharging its statutory duties.

In the London context we have been careful to recognise the clear need to remain locally responsive and connected to residents in the very diverse communities we serve and ensure that relationship is not negatively impacted upon; so we have:

- Ensured an equal voice on our Governing Body and committees for each borough in our SEL arrangements
- Developed Borough Based Boards with delegated authority to secure this focus. We have ensured that we will perpetuate all local CCG interactions with borough partnership and related arrangements

(Health and Wellbeing Boards, Safeguarding, Overview and Scrutiny arrangements) to ensure effective CCG input to these wider processes and arrangements

- Retained local commissioning and leadership teams and enhanced their ability to interact with local authority commissioners and other local partnerships
- Maintained borough based clinical engagement with members and the wider system and resources to allow for full engagement of local people

Clearly, the act of merger may have significant impact upon our staff and as such we have undertaken work to ensure we take the requisite steps to mitigate any risks.

Going forward it will be important that we have an approach to track the benefits of the changes we are making and the benefits realisation approach is outlined below and will be followed by the new CCG:

- **Economic benefit** – financial improvement, releasing cash, increased income and better use of funds
- **Effectiveness benefit** – Doing things better or to a higher standard
- **Efficiency benefit** – Doing more for the same or the same for less
- **People benefit** – A benefit that although it has an economic, efficiency or effectiveness reason has a direct benefit to our people
- **System benefit** – A benefit that although it has an economic, efficiency or effectiveness reason has a direct benefit on our systems

Whilst merger, in and of itself, does not have an impact in terms of service change, and because we have taken steps to ensure both local responsiveness and future ICS alignment, we clearly expect to realise the opportunities and benefits highlighted by our case for change over time.

Risks and mitigations

Risk and impact assessment upon proposals for merger have been understood in two ways – those risks to successful implementation of merger and the risks / impact of establishing a merged and single CCG for SEL, alongside mitigation plans and they will be continued to be monitored over time.

10. Financial implications

CCG Management Cost Allowance

In November 2018 all CCG Accountable Officers (AOs) were asked to make plans, with their Governing Bodies, to secure a 20% reduction in management costs by 1 April 2020. The funding associated with that reduction (£4.7m for SEL) would then be transferred to commissioning of front-line services.

It is important to note that SEL have taken steps to minimise their management costs in the past and as such do not currently spend the full management cost allowance. As a result, the challenge reduced in financial terms but is increased in implementation terms because many efficiencies have already been achieved.

SEL CCGs plan to achieve this reduction to time and at the required level but a significant element of it will be reliant upon our ability to reduce any waste and duplication and make efficiency gains through the merger of our organisation. A failure to realise these opportunities through merger will of necessity, result in a straightforward reduction in management capacity.

11. Legal implications

The CCG merger proposals follow the requirements of the 2006 NHS Act, as amended by the 2012 Health and Social Care Act, and the National Health Service (Clinical Commissioning Groups) Regulations 2012.

12. Crime and Disorder Implications

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

13. Equalities Implications

The strengthened commissioning system and working at scale will support greater impact and effectiveness in meeting the health inequality and public sector equality duties.

The CCG merger application to NHS England included an equalities analysis that assessed the potential equality, human rights, social value and health inequality impacts of the proposals, and to demonstrate compliance with the Public Sector Equality Duty (PSED).

Any organisational change impacting on staff will follow best practice and include an equality impact assessment.

14. Environmental Implications

There are no environmental implications arising from this report.

Background Documents

The Long-Term Plan for the NHS can be found at
https://www.longtermplan.nhs.uk/