

**Open Report on behalf of Glen Garrod,  
Executive Director of Adult Care and Community Wellbeing and  
Richard Wills, Head of Paid Service**

Report to:	<b>Executive</b>
Date:	<b>01 May 2018</b>
Subject:	<b>NHS Sustainability and Transformation Plan</b>
Decision Reference:	<b>I015711</b>
Key decision?	<b>No</b>

**Summary:**

The purpose of this report is to clarify the County Council's relationship at this time with the NHS in Lincolnshire, both in terms of the services that are already delivered in partnership and the ongoing transformation and integration of health and care. In particular, the report sets out the current position with respect to the County Council's role in the Sustainability and Transformation Plan (STP).

**Recommendation(s):**

It is recommended that:

1. The Executive expresses concern that despite considerable effort being expended into producing a Lincolnshire plan for the Health and Care in the county over several years, nothing substantive has yet emerged in the public domain.

We would urge NHS colleagues to publish a comprehensive draft plan for public consultation without delay. The County Council along with other individuals and organisations could then respond effectively in the interests of the residents of Lincolnshire.

2. The local NHS be advised that it remains the County Council's strong view that an external review of the governance arrangements for the Lincolnshire STP be undertaken to provide
  - i. clarity of decision making and accountability
  - ii. a clear definition of the roles of the partners
  - iii. effective engagement with democratic processes
  - iv. robust oversight of the delivery of the STP plan and associated financial savings and changes in NHS expenditure

**Reasons for Recommendation:**

1. The Chief Executive advised the local NHS earlier in Spring 2017 that the County Council could not be co-signature with the CCGs for the publication of the STP in 2017. The Council's view is that the STP must be subject to full consultation and that the Council would wish to listen to community views before confirming the Council's position. In addition specific concerns exist about the lack of detail in respect of proposals for NHS service change and spending reductions to close the local funding gap.
2. The County Council has a significant role in the delivery of care and support to citizens through its social care, children's and public health functions and a very good track record in working alongside NHS partners to improve integrated care to date. It should therefore remain a high priority for the Council that the areas of core business that interface with the NHS, including delivering new models of care, continue to benefit from good operational and strategic leadership, backed by appropriate governance.

**Background**

1. NHS England (NHSE) produced its 'Five Year Forward View' in October 2014. This document set out new models of care intended to transform health and care in priority service areas across England (for example urgent care or primary care).
2. In setting out this five year vision NHSE aimed to:
  - a) Drive consistent adoption of the new models of care across the NHS in England;
  - b) Mitigate the impact of demographic growth and the increasing demand on NHS services due to an ageing population, facing increasing levels of need and complex care;
  - c) Mitigate the impact of shrinking public sector resources, in order to provide solutions for the medium term financial sustainability of the NHS – ultimately to reduce, or ideally eliminate, the national NHS funding gap, then £30 billion, by 2020/21.
3. The vision and requirements set out in the Five Year Forward View are reinforced annually in the NHS Mandate. This sets the annual operating framework of the NHS. In the Mandate there are specific quality, performance and financial expectations for each type of NHS organisation, as well as the joint requirement across the NHS to deliver the new models of care.
4. Sustainability and Transformation Plans (now called STPs) were introduced by NHSE as a means of accelerating the implementation of the Five Year Forward View. The country was divided by NHSE into 44 local STP areas (geographical footprints) in order to do this. Although these footprints were not designed around upper-tier Council boundaries Councils with social care responsibilities

were named as important partners to STPs and local government's public health lead role was also recognised in these arrangements.

5. Partners across Lincolnshire were already operating in a multiagency partnership known as 'Lincolnshire Health and Care' or LHAC, under the Chairmanship of the then Director of Public Health which, along with the Better Care Programme led by the Executive Director of Adult Social Services had a work programme to steer some aspects of health and care transformation across the County. LHAC evolved into an STP programme led by NHS colleagues with an officer group overseeing this called the System Executive Team, or SET – attended by the Council's then Chief Executive and Executive Director of Adult Care and Community Wellbeing. This group reports to a Local Co-ordinating Body made up of the Boards of each of the 7 NHS organisations in Lincolnshire.
6. An initial draft STP for Lincolnshire was published in December 2016 as per the national NHS timetable. NHSE determined at that stage that there could be public engagement but not consultation. The Plan identified a £73m overall gap by 2015/16 (as identified the original STP document) in health finances. It also outlined the need for £205m of capital investment to reconfigure and improve healthcare facilities across Lincolnshire – notably at the three ULHT sites of Lincoln, Boston and Grantham, for example, upgrading emergency department and intensive care facilities, introducing a number of new models of care outside of hospitals (notably Neighbourhood Teams), consolidating inpatient beds across a range of hospital sites, addressing a significant backlog in overall building maintenance. There has been considerable deterioration in the financial position of the NHS in Lincolnshire as a whole, and in some critical areas of operational performance, since the production of this initial draft.
7. In December 2016 the full County Council unanimously supported two motions expressing concern at the content of the STP and stating that the Council could not support the STP in its then form. In December 2016 the Health & Wellbeing Board and in February 2017 the Executive noted the position in respect of a draft STP for Lincolnshire and the STP governance arrangements proposed by the NHS locally. Following the meeting of the Executive in February 2017, the Leader of the Council wrote to the local NHS raising a number of comments on the STP in its capacity as an interested party and at some time in the future a consultee. The Council's opposition to the STP effectively precluded those Council officers attending the SET from taking part in respect of decision-making on STP delivery and they have not done so.
8. Given the differing accountabilities of NHS Boards and the County Council, the SET was not established with delegated decision making responsibilities from each partner organisation. Rather the SET was to provide system leadership and strategic oversight, with terms of reference as follows:
  - To set the direction and oversee delivery of the STP;
  - To provide collective problem solving and decision taking for system wide issues;

- To provide oversight to, and monitoring of, performance against the system control total.” (This is an overall financial control total, shared across local NHS partners.)
9. Where a specific decision was required, the SET was to develop a shared recommendation, agreed by all members of the SET, for consideration by the relevant decision making body eg. NHS Trust Board.
  10. The monitoring of the system control total and the associated performance management aspects of the SET terms of reference cannot be adequately addressed until there is further detail and clarity on the overall financial position of the local NHS, via the final published version of the STP. Even then, it remains the responsibilities of the NHS Trust and CCG Boards which have necessary authority.
  11. Probably the greatest challenge for the NHS in implementing medium term planning as demanded by the STP process is to move away from its focus on in-year financial planning and controls which restrict, for example, invest to save programmes and instead see the NHS Lincolnshire budget operate as a 'system level' control total to help ensure partners work together and not against each other – to date this has not been achieved.

### **Current Position**

12. The development and approval of each STP in England, overseen by NHSE, has proved to be a complex and controversial process which has been subject to a number of stop/starts over the past 18 months. There is still a lack of clarity as to how an STP is finally signed off; there is no clear guidance from NHSE.
13. It is widely recognised (including within the NHS itself) that the current fragmentation of NHS bodies within each STP footprint is one of the barriers to progressing transformation in a unified manner, engaging local Councils to ensure that its interests and viewpoints are reflected in NHS decision-making. The pressing and competing demands of the day to day operational delivery of health and care services in these very challenging times for the public sector, is also a key factor affecting the progress of all STPs in the country. It is worth pointing out here that Cllr Woolley wrote to NHS partners in January 2017 strongly recommending conciliation down from the seven current organisations representing the main bodies of the NHS in Lincolnshire.
14. From a policy perspective, NHSE proposed during 2017/18 that local areas should consider adopting more formal “accountable care” organisational structures (based on a model developed in the USA). This is characterised by a number of health organisations joining together to provide more seamless delivery of services inside and outside of hospital settings, and in doing so they are held accountable jointly for performance, (including financial performance) and outcomes, instead of continuing to operate within their individual organisational and contractual boundaries. This implies a significant softening of the commissioner/provider split as the driver of the system, in favour of an

outcome-focused model. It should be said that at this point neither officers from the County Council or Executive Councillors have expressed any views about preferred/future organisational shape.

15. In March 2017 in line with the usual NHS annual planning process, NHSE published 'Next Steps on the NHS Five Year Forward View'. This formally renamed the 44 footprints as STPs, with Local Authorities noted as optional partners. It should also be noted the language of accountable care organisations has changed to "integrated care systems" in recent months. All these name changes have been the responsibility of NHSE. As 'STPs' are taken forward in a public context, clarity is required from NHSE as to name(s), intention and process.
16. NHSE is also promoting changes to Clinical Commissioning Group (CCG) governance arrangements nationally, so that where there are multiple CCGs in each STP area, they operate from a more consolidated/joint management team in the future, even if they remain as separate statutory bodies eg., Leicestershire, Derbyshire. This is what the 4 Lincolnshire CCGs are seeking to develop later in 2018.
17. The County Council has consistently fed back to the NHS a number of concerns about the STP, including:
  - a) The lack of detail in respect of proposals for NHS service changes.
  - b) The size of the financial gap to be addressed across the NHS locally, the lack of specific proposals (bar one) to address it and the ability of the STP to resolve this.
  - c) The importance of public engagement including all proposed changes envisaged by NHS colleagues that would bear upon Lincolnshire resident's experience of NHS services.
  - d) The STP governance arrangements (both in terms of overall decision making across the local NHS, and the need for robust oversight of the delivery of the plan and associated savings).
  - e) The SET meetings being dominated by internal NHS issues and the STP without due consideration for the wider and collective health and care agenda including Women's and Children's and Specialist Adult Services.
  - f) The geography of the STP in this area, and the adequacy of arrangements for it to operate in a coherent manner taking into account the extensive population and patient-flow linkages with adjoining areas.
18. The County Council has communicated its view that the Lincolnshire STP should be published as an NHS plan, issued for wider consultation, with the County Council as a consultee. In December 2016 the County Council formally resolved not to support the STP plan and in March the Leader of the Council raised a number of concerns in a letter to NHS colleagues. Disappointingly there have been successive delays in publication and communication with the public has been unco-ordinated.

19. Fundamentally, further clarity is needed on:

- a) The STPs overall governance arrangements, and the ability of the Local Authority to raise issues within this, including with respect to the delivery mechanisms and performance management of the STP.
- b) The confirmed financial position/gap of NHS partners within the STP, the ability of the plan and partnership to address the financial gap, and the level of assurance of the other partners involved.
- c) The Councils relationship to any new organisational forms arising or proposed from NHS policy changes.

20. It is worth noting that the County Council has commissioned Tony McArdle, the previous Chief Executive to consider the long-term development of the H&WB and HSC, alongside informal relationships with NHS partners, as the foundations for the future. However, the Council may wish to go beyond this existing commission. The Council will need to seek assurance that the best possible decision making and delivery model is in place to support the progression of the STP, that agendas are relevant to the County Council and take into account impacts upon it and that there is robust performance and financial management of the Plan. The question to be answered is: how the system as a whole can operate more effectively across organisational and cultural boundaries, how decision making can be streamlined and improved, wherever in the system the decision falls and how commitment to democratic accountability can be properly demonstrated.

21. There is also a need to gain more information about, and assess the implications of, any further proposals concerning integrated care systems within Lincolnshire, as the national policy and local response to this, is expected to develop further in 2018 and 2019. This will have further implications for system wide governance.

22. Given the Council's significant role in the delivery of care and support to citizens through its social care, children's and public health functions, and its very good track record in working alongside NHS partners to improve integrated care to date, it remains a high priority for the Council that the areas of core business that interface with the NHS, including delivering new models of care, continue to benefit from good operational and strategic leadership, backed by appropriate governance, and that the Council can influence and share a clear vision with NHS partners, Council Members and the public, as to how these services should best develop.

23. It is also critical that the Council continues to plan effectively and efficiently for the resource needed to drive this transformation, and that the agreed areas of priority for health and care integration are proportionate, in line with the Council's overall vision, Medium Term Financial Strategy and Strategic Plan.

#### **Overview of Health and Care Integration work to date**

24. Before and since the STP was first discussed, the County Council has supported progress with targeted investment in integration for the simple

reason that the Council believes it is increasingly desirable from the perspective of the service user that their care is well coordinated across organisational boundaries. Integration by itself does not necessarily save money, but when implementing new models of integrated health and care Lincolnshire's integration programme aims to reduce duplication and improve efficiency wherever possible.

25. The County Council has taken the lead role in progressing the Better Care Fund (BCF) since the inception of the BCF Policy in 2014. The BCF Plan for 2018/19 represents £230.391m of pooled resources between NHS partners and the County Council and is targeted to improving hospital discharge, increasing the amount of integrated care delivered in community settings, avoiding unnecessary hospital admissions, sustaining adult social care, and integrating data and technology across organisational boundaries.
26. There is an element of 'business as usual' in working with the NHS both at operational and strategic levels, however, over the past three years a specific programme of health and care integration supported by the BCF pooled budget has ensured this remained a top priority for County partners, including district councils, with whom improvements to how DFGs are used and the wider 'supporting people' programme can progress (eg. Extra Care).
27. The ongoing Better Care Fund programme will support further work in key areas such as the development of Neighbourhood Teams. In addition in children's services and in public health parallel but supportive programmes of work continue where there is a good business case to demonstrate added value. However, this needs to be seen in the context of NHS progress against significant underlying issues which has been disappointingly slow and neither financial or performance improvements in key areas of NHS activity can be evidenced.

### **Strategic level input**

28. This comprises membership of **or** attendance at, (as appropriate) and two-way reporting into the SET and STP Local Co-ordinating Board (LCB) under the Chairmanship of Elaine Bayliss, Chair of ULHT. Currently the Executive Director and his team support SET. As might be expected a range of other officers and managers across the Council, who lead, participate and support the work of better aligning if not integrating health, housing and social care in both adult and children's.

The Health and Wellbeing Board receives regular updates from both the BCF and STP programmes. Whilst the Board has certain powers to influence the BCF as laid down in national guidance this has not been the case for the STP where the role of H&W Boards has no such place in existing guidance. From a Council perspective this has been a weakness in STP national guidance from the outset.

### **Dedicated programme/project input**

29. In terms of oversight of integrated approaches to health and care within Lincolnshire, and oversight of the Better Care Fund plan/pooled budget, the main contribution from the County Council is through the Health and Wellbeing Board, Executive Director of Adult Care and Community Wellbeing (and team (AC&CW)) and the Executive Director of Children's Services. A summary of these resources is given below. This has been based on actual resource applied over a 12 month period in three categories.

- (i) There are 0.83 FTE associated with the core team from finance to ensure the BCF pooled fund is managed appropriately.
- (ii) Senior officer time – assume 10 senior officers across AC&CW and Children's, with an average of 25% of their time spent on BCF.

30. Taking into account the categories above, the estimated value of County Council officer time in 2017/18 was £0.319m and for 2018/19 is currently estimated at £0.277m.

Of course, 'opportunity costs' might be added i.e., those things that might have occurred if officers time had not be allocated to meeting the two national programmes of BCF and/or STP. This is not considered something amenable to costing however.

### **Operational input**

31. Normal operational input is provided by a combination of officers' time on day to day operational activity in relation to service delivery and joint commissioning activity, such as Continuing Healthcare funding, Delayed Transfers of Care, Personal Health Budgets and individual care provision. These elements would be required even if the BCF or STP did not exist; in meeting statutory duties and other responsibilities of the Local Authority.

### **Other Relevant Impact Assessments**

Partnership Working and Associated Issues

32. In order to

- Deliver core health and care services across the public sector;
  - Transform health and care into a more integrated service for citizens; and
  - Make the best use of the "Lincolnshire pound";
- there needs to be consistent, constructive and effective partnership working and relationship management across all tiers of local organisations.

33. The Council has historically provided good system leadership and has a good track record of leading transformation programmes, including those that are joint with the NHS.

34. The scale, complexity and implications of the STP now that it is (along with national policy) moving towards public consultation and implementation



necessitates a stepped change in the governance approach, if appropriate accountability and allocation of the risks and benefits of the transformation within Lincolnshire is to become a reality, and if this is to meet the requirements of all partners including local authorities.

35. The Council might also consider it necessary to take a step-change approach for no other reason than the quality, safety, finances and performance of NHS bodies – notably within the CCGs and Acute Trust (noting that LPFT has been rated recently as 'Good' by CQC and, both LPFT and LCHS are expected to achieve a financial balance at the end of 2017/18) within Lincolnshire gives rise to considerable public and political concern.

### **Risk Assessment**

36. The risk of failing to deliver integrated housing, health, public health and social care services will have a negative impact on the County Council and its citizens and it is therefore further recommended that CMB is asked to consider whether it should be listed on the Corporate Risk Register.

### **Legal Issues**

#### **Equality Act 2010**

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- \* Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- \* Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- \* Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- \* Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- \* Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
- \* Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding

Compliance with the duties in section 149 may involve treating some persons more favourably than others

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process

This Report relates to the Council's high level approach to the Sustainability and Transformation Plan which is a Plan published by the NHS who have primary responsibility for the services covered by the Plan. It is appropriate, however, that in fulfilment of its own Equality Act duties the Council in its responses to the NHS relating to the Plan ensure that the NHS themselves are having due regard to the impact of changes on people with a protected characteristic. This was raised as a point in the letter from the Leader of the Council to the NHS locally in March 2017 following the Executive's previous consideration of the STP.

The Council will continue to take opportunities as they arise to ensure that access to services including access for all groups with a protected characteristic is at the heart of NHS planning.

#### Joint Strategic Needs Analysis (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision

The JSNA and the objectives of the JHWS will guide the Council's approach to judging and responding to proposals in the STP as they become clear and consultation is triggered.

#### Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area

There are not considered to be any direct implications of the Report on crime and disorder matters.

## **Conclusion**

The County Council has a long and successful track record of working with NHS partners in Lincolnshire. More recently and with the development of the STP programme the nature of the relationship has changed and, given the quality, performance and financial imperatives facing NHS services in Lincolnshire, more profiled. Disappointingly little progress has been made to address underlying budget deficits, performance continues to be poor at ULHT and successive inspections by the Care Quality Commission have reported on serious quality issues. This has been the picture for a number of years with little sign that 'the tide has turned' and these critical issues are getting better.

Change is likely, indeed necessary and improvements critical if Lincolnshire residents are to receive NHS services that they deserve. How the County Council engages with the NHS locally, however it configures is a clear issue to consider. The governance arrangements that provide democratic leadership to health and social care development are increasingly challenged and it is, perhaps an opportune moment for the Council to consider what future governance arrangements are necessary.

### **Legal Comments:**

The recommendations are lawful, consistent with the Policy Framework and within the remit of the Executive.

### **Resource Comments:**

This report seeks to clarify the County Council's relationship at this time with the NHS in Lincolnshire with particular regard to the County Council's role in the Sustainability and Transformation Plan (STP). At time of its publication Lincolnshire's STP had identified that between 2013 and 2015/16 the funding deficit had increased from £15m to £73m with an expectation that the deficit will increase further by the end of the 2017/18 financial year. An initial analysis of the financial impact of Lincolnshire's STP was undertaken in January 2017 and estimated a cost to the Council of £11.148m on the basis that all plans were implemented. The County Council has significant oversight of integrated approaches to health and care within Lincolnshire with officer time in support of these approaches estimated to cost £0.319m in 2017/19 and 0.277m in 2018/19.

## **Consultation**

### **Has The Local Member Been Consulted?**

Not Applicable

### **Has The Executive Councillor Been Consulted?**

Yes

## **Scrutiny Comments**

The decision has not been the subject of prior scrutiny

### **Has a Risks and Impact Analysis been carried out?**

Yes

## **Risks and Impact Analysis**

See the body of the Report

## **Background Papers**

Document title	Where the document can be viewed
Minutes of the Council meeting dated 16 December 2016	Democratic Services
Report to Executive "Response to Sustainability and Transformation Plan dated 7 February 2017	Democratic Services

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