Manchester CCGs' Joint Board Meeting

January 25th 2017

Report for a meeting of the Boards of:- NHS North Manchester CCG NHS Central Manchester CCG NHS South Manchester CCG

Subject: Establishment of Manchester Health and Care Commissioning

Report of: Ian Williamson – Chief Accountable Officer (designate)

Summary

The three Manchester CCGs and Manchester City Council have agreed to establish a single commissioning function for the City of Manchester by April 1st 2017. This paper marks a significant step in this arrangement through seeking the Boards' support and endorsement of the merger of the three Manchester CCGs. This will enable the development of a partnership agreement with Manchester City Council, thus bringing together health, social care and public health commissioning. This new organisation will be called Manchester Health and Care Commissioning (MHCC).

The Boards are meeting 'in common' this means they are meeting together in order to discuss the proposition collectively. However, each Board will need to make its own decision subject to its own terms of reference.

The paper sets out the rationale for establishment of MHCC, the progress to date, the proposition for CCGs to merge and the supporting information to make this decision. The paper then outlines the key next steps to establish MHCC by April 1st

2017.

Recommendations

Each CCG Board is asked to:

Support the recommendation that NHS North Manchester, NHS Central Manchester and NHS South Manchester CCGs merge with effect from April 1st 2017.

Recommend the merger of the three CCGs to their respective memberships and initiate a vote to be concluded by the 9th of February 2017.

To support the continued development of MHCC, the direction and next steps set out in the paper.

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1.0 Executive summary

A Healthier Manchester (Manchester Locality Plan) sets out a clear vision for the health and social care system in Manchester. This requires both service changes but also organisational change in all parts of the system. New organisational arrangements will drive transformation of services better and faster.

Bringing together the commissioning roles of the three Manchester CCGs and Manchester City Council into a single organisational arrangement will bring benefits including:-

- A single commissioning voice
- Commissioning for integrated and proactive health and social care
- A more strategic role enabling larger scale transformation of services
- Better utilisation of our collective assets

Establishment of Manchester Health and Care Commissioning (MHCC) has been set as a direction of travel by the three CCG Boards and Manchester City Council. This organisation will commission health, adult social care and public health. This will require the merger of the three Manchester CCGs and the merged CCG then to hold a partnership agreement with Manchester City Council.

Significant progress has been made in developing the mission, vision and values of the new organisation, establishing a vision and model for clinical leadership, establishing suitable governance arrangements, appointment of a single

Accountable Officer; staff engagement; and progressing the CCG merger application with NHS England.

As part of the development of MHCC the CCG Boards, and their respective memberships, need to approve the merger of the three CCGs. This paper sets out the case for doing so, the arrangements which are in place to make this successful and assurance regarding the key issues raised by Boards to date.

The paper recommends that Boards support the merger of the three Manchester

CCGs and to recommend to memberships to vote in favour of this merger.

2.0 Strategic context

The Manchester Locality Plan 'A Healthier Manchester' sets a clear strategy for the health and social care system in Manchester. The system faces an unprecedented financial challenge, challenges with regard to quality and performance of services and persistently poor population health. The Healthier Manchester strategy sets out how to meet these challenges and is a plan that is shared by providers and commissioners; health and local authority.

The strategy sets out a series of service transformations which will change the way care is delivered and the relationship statutory organisations have with the public. The strategy sets out strengthened system level governance, building on existing Health and Wellbeing Board arrangements which will bind organisations to deliver for Manchester together.

The strategy also recognises that the system needs new organisational arrangements to implement these plans. These comprise a single hospital service which will create a single hospital trust for the City of Manchester; a local care organisation (LCO) as a single provider of integrated out of hospital care and a single commissioning organisation spanning health, social care and public health. These will enable the service transformations to be implemented better, faster and at sufficient scale to meet the financial, quality and population health challenges.

A Healthier Manchester sits as part of broader City strategies, most notably the 'Our Manchester' strategy which sets out an asset based approach to transformation in the City of Manchester for its health and wellbeing but also for its economy, skills, culture etc. This will form a new relationship between health and social care organisations and the population, building on people's and communities' strengths and assets, as drivers to improve health and wellbeing.

A Healthier Manchester is placed strongly with the Greater Manchester 'Taking Charge' strategy. Taking Charge is the strategy which sets out how Greater Manchester will meet the same challenges as set out above. It is the key strategy developed as part of the devolution of health and social care decision making to Greater Manchester.

3.0 Why develop a single commissioning organisation?

The service transformation, the strengthened system governance and the integrated provision requires a strong and well co-ordinated commissioning organisation which can commission all health, social care and public health for the City of Manchester.

A single commissioning voice:- given the changes to the provider arrangements in the City we will have fewer, larger, longer term contractual arrangements. As providers start to work on increasing geographical footprints, at the City level and larger, commissioners need to work effectively together to create a clear strategic and operational direction, means of quality assurance and synergy of commissioned services.

Co-ordinated and proactive care:- is essential to achieving population health improvements and to meet the needs of an ageing population with increasing frailty and co-morbidity. Integrated provision is dependent upon integrated commissioning and a unified investment strategy.

A more strategic role:- is needed to ensure we can lead the scale of change required and have a new relationship with providers. Through working with the Council there will be a stronger connection to strategy relating to the wider determinants of health such as housing, education and employment.

Optimising our assets:- will bring together the finance, people and other resources to create a more efficient and effective means of commissioning. It will also create wider networks to organisations and groups who can support our work.

4.0 High level programme plan

The programme plan follows six workstreams established on behalf of the CCGs and MCC. The programme has been overseen by a Steering Group representing the four organisations:

- Mission, vision and values led by Mike Eeckelaers and Philip Burns
- Governance led by Nick Gomm and Liz Treacy
- Strategy led by Leigh Latham, Hazel Summers and Jo Purcell
- Finance led by Joanne Newton and Simon Finch
- HR and OD led by Sharmila Kar and Kath Smyth
- Programme management led by James Williams.

The high level plan on a page is included in Appendix one for reference. Subsequent to this activity a programme critical path was developed with key delivery milestones supported by lower level workstream planning for each workstream.

5.0 Progress update

Since the last cycle of Board reports significant progress has been made. Key achievements are set out below.

5.1 Appointment of a single Accountable Officer

Ian Williamson has been appointed as the Chief Accountable Officer for the merged CCG and for MHCC. Recruitment to Board and Executive Team will take place during February/March. A fully integrated staffing structure will then be developed and populated.

5.2 NHS England approval of merger

Due to the sequencing of NHS England Committee meetings the application to merge needed to be submitted prior to Board and membership decisions with a clear understanding that these remained pre-requisites to merger. The Boards agreed to submit a merger application at their November Board meetings. The merger has been approved by NHS England subject to a number of conditions. Pre-requisite conditions to authorisation are subject to the Boards and the memberships approving the merger. These need to be confirmed by the 10th of February. Further requirements, which would not prevent authorisation, but would be conditions of authorisation are submission of the constitution, appointment of Governing Body members, completion of an equality assessment and a risk assessment. These need to be submitted by the 15th of March. The intention is to be satisfy both sets of conditions in order to be authorised without conditions by April 1st and this is considered achievable.

5.3 Staff engagement

5.3.1 Staff engagement

There has been significant staff engagement activity since September 2016 comprising of:

- A series of face to face staff engagement events aimed at increasing understanding of the new commissioning organisation and of 'Our Manchester' and engaging staff in starting to articulate the look and feel of the new organisation and what that means for how people work together, thinking about values and behaviours.
- A virtual engagement tool called Crowdsourcing has been made available to all staff impacted by the changes. 392 log-in invitations have been issued of which 79 people have accessed the tool, which gives the opportunity to comment on outputs from engagement events and to generate further ideas.
- 'Solve it' sessions are small, informal staff sessions to invite staff to get involved in solving difficult issues identified as part of MHCC development.
- Regular pulse surveys have been used to undertake 'temperature checks' on staff engagement between surveys. Communications are being used to feedback to staff on how their input is being acted upon and helping to shape developments going forward. This is crucial in giving credibility to the engagement activity and demonstrating to staff that they are being listened to and have a voice.

5.3.2 Clinical and professional leadership

Clinical leadership and engagement is a key feature of the new organisation. Clinical leadership has been widely recognised as one of the key strengths the establishment of CCGs has brought to commissioning. CCG Boards, member practices and other stakeholders have stated its importance in establishment of MHCC from the outset. As the scope of commissioning broadens the same principles should apply to professionals from social care and public health.

The shifting role of commissioning, in parallel to establishment of the LCO, will change the role of clinical and professional leadership within MHCC. This direction is illustrated in the table below:

From	To
Leading on pathway design or clinical networks within their area of clinical expertise	Leading on service transformation, often beyond their own area of clinical expertise
Setting standards of defining projects	Creating direction and/or aligning others around it
Assuring clinical quality and safety and operating within budget constraints	Assuring performance of quality, performance and health outcomes and effective resource management
Influencing and engaging colleagues	Both influencing and engaging colleagues across a broader range of stakeholders. Line managing colleagues directly and leading teams
Managing projects or governance processes	Leading programmes of work within a clear governance structure
Inputting patients' views and needs	Systematically assuring that patients' views and needs are driving decision making

Table One – Future of Clinical Leadership

Significant engagement has taken place in developing MHCC. This has included Board seminars, a workshop with clinical leads, full group meetings, neighbourhood meetings and 68 one to one calls. The key issues drawn from these meetings are described below:

- To ensure clinical leadership is a strong feature of the new organisation.
- There needs to be a clear line of communication, influence and accountability between the Board and its member practices.
- Clinical leadership is not just limited to GPs but to other health, social care and public health professionals.
- The development of clinical leadership will evolve and adapt as the LCO is established and matures.
- It is important that a City organisation does not become distant from the local level.

Within the structures, governance, working arrangements and organisational development plan there are a number of arrangements which have been established to ensure these views are reflected in the organisational design. The majority of these are written into the constitution and/or policies:

- Five GP members sitting on the Board of the organisation. Four of these will be elected by the membership and the fifth will be appointed as a member of the Joint Executive Team (see 9.1.3) .
- Three Board members will have a responsibility to link to the neighbourhoods in North, Central and South Manchester. They will also sit on the Governing Body.
- A Clinical Committee of the board will be the means of formal engagement between member practices and the Board at the neighbourhood level. This will create a single step from practice to Board and Executive Team.
- GPs will hold decision making roles within Boards, Committees and the Executive Team

- We will continue to employ clinical and other professional leads to support in our work creating a clinical and professional network which runs through the governance of the organisation and depth of involvement from our membership.
- Neighbourhood and membership meetings will be held on an ongoing basis.

6.0 Mission, vision and values

One of the important outputs of the engagement work with staff and other stakeholders has been to agree what the MHCC will do, how it will be done and how it will function as an organisation. Whilst the statutory name of the merged CCG will be NHS Manchester CCG the organisation will need a name by which it is known which reflects the partnership with Manchester City Council. Then from Board to Team level all staff will work under one banner and not as CCG or MCC staff.

As a result of engagement work the organisation will be known as Manchester Health and Care Commissioning 'MHCC'. This has been the working title during the preparatory phase and contains the elements which people felt needed to be represented. Where we work – Manchester, what we do – Commissioning and what we commission – Health and Care.

One of the things everyone agreed during the engagement process is the value of a plain English approach and the need to avoid coming up with new phrases and slogans to describe what it is we stand for. So with this in mind 'Working for a Healthier Manchester' will be adapted as our strapline, 'A Healthier Manchester' is the name of our Locality Plan, as well as what we all agree we are working together to achieve.

There has been significant discussion as to what MHCC's vision should be. It was concluded that our vision, and that of the partners in our city, is described in the Locality Plan and to come up with a separate one would be confusing. Instead a mission statement, distilled into five statements, has been put together. This describes in more detail our ambition, what we do, how and why:

We are determined to make Manchester a City where everyone can live a healthier life.

We will support you, and your loved ones, investing in what you tell us is important to you.

We will make sure you receive the right care in the right place and at the right time, delivered by kind, caring people that you can trust.

We will make the most of our money by reducing waste, testing new ways of working that improve outcomes and funding the things we know will work.

We will forge strong partnerships with people and organisations, in the City and across the region, and put health and wellbeing at the heart of the plans for developing Manchester's future as a thriving city.

Over the course of the various engagement activities there was a lot of discussion about what our values should be as an organisation and how they should also reflect the 'Our Manchester' principles. Again, it was agreed that simplicity was key and avoidance of jargon or corporate language. When all the various feedback was analysed the three values which came out most strongly were

Positive **Collaborative** **Fair**

These will drive how MHCC functions. The following table gives more details:

We will be:	This means:	So we will: (Examples below for illustrative purposes)
Positive	We are proud of Manchester	Work with partners to deliver the city's Our Manchester strategy
	We work hard to deliver for local people	Commission to promote social value
	We do what we say we will	Deliver 100% of our operational plan each year
	We are proactive, creative and ambitious	Try new things
	We act quickly	Reduce bureaucracy and speed up decision making
	We recognise the strengths of individuals and	We support and develop community assets through our commissioning work
Collaborative	We listen to, and act on, what people tell us	Evidence how local people's view have impacted on our work
	We will be open and honest	Hold Board meetings in public and publish as much as we can
	We are active partners to work with	Play our part in delivering Manchester's priorities
	We will work on a neighbourhood basis	Our neighbourhoods will influence our decision making
	We value our employees	Create healthy, reflective workplaces where we innovate and learn together
	We will influence regionally and nationally	Play an active role in GMHSCP and share our good practice
	We will be clinically/professionally led	Have clinicians and professionals throughout our organisational structure shaping and informing decision
	We will work with all communities of place and identity	We will constantly monitor and evaluate Manchester's rapidly evolving population and reach out to all communities to ensure their needs are reflected in the service we commission
Fair	We address health inequalities	Invest more in areas with poor outcomes currently
	We will make unbiased decisions	Our decisions will be based on evidence and data
	We will engage and empower our workforce	Our workforce practices, policies and development processes will shape our values
	We recognise and value diversity and inclusion	Act on the views and experience of different communities
	We will develop equitable high quality services across Manchester	Swiftly address examples of poor quality care

Table two - MHCC Values

MANCHESTER CITY COUNCIL

NHS Manchester Clinical Commissioning Group

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7.0 Commissioning strategy

The Commissioning strategy will set out how MHCC will achieve its mission, vision and values articulated in the section above. It will describe the overall ambition and outcomes to be achieved over the next 5-10 years. The population challenges in terms of both health and social care need are addressed within the strategy,although in the spirit of 'Our Manchester', the strategy will be framed in the context of building on the assets we have in neighbourhoods and across the City to drive improvement.

As the health and care system changes, it is vital that within the commissioning strategy, we set out the approach to commissioning that MHCC will pursue. The critical difference being that the organisation will move away from operational commissioning and become increasingly strategic in its role. As a strategic commissioner MHCC will have a wider system influence and leadership role beyond health and care, recognising the interdependency between wellbeing and wider social issues including, for example, employment, housing, and criminal justice.

Strategic commissioning	Operational commissioning
Commissioning systems not services	Commissioning health and care services
Leadership at all geographical levels	Neighbourhood focus, engaging with local people and practitioners to ensure local needs are understood and met
Setting outcome measures for the population of Manchester and defining the broad models of care required from providers	Focus on achieving outcome measure-clear 'logic' of metric at service level to high level outcomes
Assuring the quality and safety if service provisions, directly commissioned and through the supply chain.	Service and pathway redesign
Ensuring financial and performance targets are met – system wide	Functional support to contracting, business intelligence and finance
Fulfilling statutory functions and duties	Commissioning of individual or small scale packages of care and associated market development
Strategic market management	Oversee and manage medicines optimisation across the system
Innovation in commissioning including new contracting and payment systems	Innovation in operational commissioning including contract and payment systems
Support asset based approach and co-production through commissioning	Connecting with local organisations, community assets and people
Alignment with broader public services e.g. employment, education	Alignment with local public services at the neighbourhood level e.g. job centres and schools

Table 3: Strategic and Operational Commissioning

Moving to a strategic and system leadership approach to commissioning is a significant change and will be introduced over time, supported by an organisational development plan, referenced within the strategy.

The strategy will set out the strategic aims of the MHCC; these are currently being developed, but will reflect the need to:

- Improve health population outcomes
- Develop a thriving city, reducing dependency
- Achieve a sustainable system
- Deliver equitable, high quality care and patient experience.

The commissioning priorities will be expressed as priority outcomes for the system. These are being developed over the next two months, building on existing work (e.g. the LCO prospectus), and incorporating the opportunity that a more strategic approach will offer.

In summary the strategy will set out what MHCC will aspire to achieve and the approach it will take as a strategic commissioner to do this. The impact of this change in approach will be wider than the health and care system, and will drive improvement to achieve the strategic aims outlined above.

8.0 Governance

8.1 Governance model

From the outset, the ambition in setting up MHCC has been to create a single commissioning function, between a merged CCG and Manchester City Council, which will be able to create an organisational arrangement which is as integrated and lean as possible and is able to make decisions on the fullest scope of CCG and MCC's commissioning responsibilities as possible. The development of proposals has been carried out in close liaison with Hempsons solicitors, the CCGs' legal advisors, and MCC's in-house legal team.

8.2 CCG delegation of functions

In light of this, it has been agreed to pursue an organisational governance model whereby the CCG delivers its statutory functions and duties through delegation to:

- A **MHCC 'Board'** - a committee of Manchester CCG that discharges the vast majority of CCG functions and is authorised by the CCG to discharge Manchester City Council's commissioning functions for adult social care and public health through a formal partnership agreement. This is considered the most legally suitable mechanism to achieve the best governance structure. Whilst the legal host of the function will be Manchester CCG this will be a partnership of equals with Manchester City Council. The Board will be supported to discharge its functions through a number of committees, as follows:

  o Finance and Contracting Committee o Quality and Performance Committee o Clinical Committee

- Joint Executive Committee
- Governance Committee
- Patient and Public Advisory Group.

The Board will be established in such a way that it can also receive delegated functions, or be authorised to carry out such functions, from other bodies such as those of NHS England with the intention being that the fully delegated commissioning arrangements for primary medical services are managed through the Board. In the event that this is not agreed a Primary Care Committee will be established and will meet 'in common' with the Board.

- A CCG **Governing Body** which will be responsibility for:
  - The specific statutory functions required through legislation.
    - Ensuring the CCG has appropriate arrangements in place to exercise its functions effectively, efficiently and economically and in accordance with the CCG's principles of good governance.
    - Determining the remuneration, fees and other allowances payable to employees or other persons providing services to the CCG and the allowances payable under any pension scheme it may establish under paragraph 11(4) of Schedule 1A of the 2006 Act, inserted by Schedule 2 of the 2012 Act.
  - The function in relationship to agreeing partnership agreements whereby functions are delegated to or delegated from another statutory organisation.
    - Approving any decision taken by the Board to enter into partnership agreements whereby functions are delegated to or delegated from another statutory organisation.
    - If it considers it appropriate; initiating and approving the CCG's exit from any partnership agreements whereby functions are delegated to or delegated from another statutory organisation.
  - The Governing body will, in line with statute, establish the CCG's Audit Committee and Remuneration Committee which will be committees of the Governing Body receiving reports from the Board as required in order to fulfil their functions.

8.3 Partnership agreement with Manchester City Council

The Partnership agreement between the CCG and Manchester City Council will be described within a co-signed Partnership agreement which will detail the 'rules' of the partnership including:

- General principles
- Partnership flexibilities
- Functions within the scope of the agreement
- Commissioning arrangements
- Establishment of a pooled fund

- Pooled fund management
- Financial contributions
- Non-financial contributions
- Risk share arrangements, overspends and underspends
- Liabilities, insurance and indemnity
- Standards and conduct of services
- Conflicts of interest
- Governance
- Terms of review
- Termination and default.

Work to finalise this agreement will continue through February with our legal advisors and MCC's legal team. Early drafts will be reviewed by the MHCC Steering group and the CCG's Joint Governance Committee and will need to be formally approved at the first meeting of the Manchester CCG Governing Body as well as the City Council Executive.

The new CCG constitution is in the process of being finalised. The Joint Governance Committee of the three Manchester CCGs has reviewed the current draft. The Constitution will be presented to CCG Boards in February/March, prior to formal approval.

8.4 Conflicts of interest

It is important to note that the new commissioning arrangements and the current strategic direction of the CCG changes the dynamics of the Board with respect to potential conflicts of interest. MHCC will meet all expected standards of conduct and will develop robust policies to manage the new arrangements appropriately. These will focus upon the new membership of the MHCC Board and also the implication of commissioning an LCO which will connect commissioning of primary medical

services and other aspects of out of hospital care.

9.0 Human Resources and organisational development

9.1 Appointments to MHCC

9.1.1 The Governing Body

The Governing Body will fulfil the roles outlined in section 8.2. Members of the Governing Body are as follows.

GP Chair

GP Board Member GP Board Member GP Board Member

Lay member for governance (vice-chair) Lay member for governance

Lay member for patient and public engagement

Secondary Care Doctor

Board Nurse

Chief Accountable Officer

Chief Finance Officer

Each member of the Governing Body is also a member of the Board

9.1.2 The Board

The Board will be the pre-eminent decision making body of MHCC and will fulfil the functions as set out in section 8.2. Its membership will be as follows:

GP Chair

GP Board member GP Board member GP Board member

Lay member for governance

Lay member for governance

Lay member for patient and public involvement

Executive Councillor as nominated by Manchester City Council (Vice Chair) Executive Councillor as nominated by Manchester City Council

Secondary Care Doctor

Board Nurse

Chief Accountable Officer

Chief Finance Officer

Director of Strategic Commissioning (including the statutory DASS role)

The remaining Joint Executive Team members will be in attendance and other senior officers as appropriate.

9.1.3 Joint Executive Team

The Joint Executive Team structure has been developed as a result of engaging in discussions with a range of stakeholders. The proposed structure has the potential to radically shape the way the work is undertaken in Manchester. The team needs to be different from previous and current structures to reflect the nature of reform and transformation in the City.

Key design principles:

- The team needs to be a blended team across health and social care
- The team needs to work with a high degree of cross-directorate working
- The team needs to reflect innovation and signal accelerated change
- The team form needs to be radical and brave
- The team needs to be small in number and flexible

- The skill set of the team needs to be appropriate and the best possible for the task in hand, which may require new skill combinations
- The team will need to deliver upon finance, strategy, transformation and reform, innovation, improvement and quality.

The proposal is to recruit six executive director roles, which would report directly to the Chief Accountable Officer. The six direct report posts will have corporate responsibility across the health and social care agenda, and will have lead areas of responsibility. The team will work closely as one unit to ensure integration of expertise and provide business continuity. The posts will have a focus upon system leadership.

The posts are:

- Chief Finance Officer
- Clinical Director
- Director of Strategic Commissioning
  (incorporating the role of the Director of Adult Social Care).
- Director of Planning and Operations
- Executive Director of Nursing & Safeguarding
- Director of Population Health and Wellbeing
  (incorporating the role of the Director of Public Health)

MHCC will begin formal operations from April 2017 and will develop during the year. The development of the LCO and MHCC will see a shift in operational functions to the LCO. As a result MHCC Executive Directors' portfolios will develop and be reviewed. A small number of senior roles will be Director roles, regularly attending Joint Executive Team and Board meetings. As the new arrangements develop in the City we will take opportunities to develop fully integrated functions across the CCG and MCC as appropriate.

The expected process and timeline for appointments involves:

- Draft consultation and structure developed
- Discussions with directly affected employees and trade unions
- Sign off by the Joint Board meeting (25/1)
- Job matching/slotting in process undertaken for Executive roles
- Recruitment process for remaining JET posts
- Recruitment process for Manchester CCG Governing Body and MHCC Board roles – noting there is crossover of membership and different posts will be appointed through different processes.

There is a firm intention to undertake all necessary processes so the Governing Body, Board and Joint Executive Team can begin operations effectively from April 2017.

9.1.4 The wider staffing structure

Upon appointment of the Joint Executive Team a wider integrated staffing structure will be developed and appointed. The aim is to complete this exercise before the end of July.

Between January and March 2017 we will continue to work with staff in the development of MHCC and will focus on the following areas:

- **Getting to know you activity –** A strong theme which emerged from last year is that staff wanted to get to know each other better, to understand how commissioning works across the system, who does what and how they can work together to improve outcomes for Manchester people.
- **Solve it sessions –** We will continue to run Solve it sessions to involve staff in co-designing elements of MHCC development and to help us to work through challenging issues which emerge.
- **Personal resilience –** We will finalise the process of designing support to be made available to staff to equip them with tools and techniques to stay strong and resilient as we transition to new ways of working.

10.0 Finance

10.1 CCG Allocations

CCG allocations, including those allocations to support primary care delegated functions, were agreed by NHS England in December 2015. These allocations provided detail of agreed funding for CCGs for 2016/17-2018/19 and indicative funding for 2019/20 and 2020/21. In setting allocations NHSE utilised the nationally agreed formula to ensure reflection of health needs at CCG level. Financial plans for revised single commissioning arrangements will be developed on the basis that budgets set will reflect national allocation policy at a CCG level with the need to underpin strategy objectives and VFM.

		2017/18				**2018/19**			
		NMCCG	SMCCG	**CMCCG**	**Total**	NMCCG	SMCCG	CMCCG	**Total**
		£m	£m	£m	**£m**	£m	£m	£m	**£m**
Recurrent	CCG core	288	239	260	**787**	294	244	266	**804**
	Primary care	32.3	23.8	31.3	**87.5**	33.7	24.8	32.5	**91**
	Running costs	4.12	3.65	4.47	**12.2**	4.12	3.66	4.46	**12.2**
	Total	324	267	296	**887**	332	272	303	**907**
Non Recurrent	Draw down	3.04	0	0	**3.04**	0	0	0	**0**
	HRG4+	1.01	0.09	0.59	**1.7**	1.03	0	0.6	**1.72**
	IR	1.26	-0.1	0.82	**2.02**	1.28	0	0.83	**2.05**
	Total	5.32	0.03	1.41	**6.76**	2.32	0.03	1.43	**3.77**
	Surplus cfwd	3.03	2.41	2.63	**8.06**	3.03	2.43	2.66	**8.12**

	TOTAL	**332**	**269**	**300**	**902**	**337**	**275**	**307**	**919**

Table four - CCGs and aggregate allocations

NHS Manchester CCG will have a total allocation of £902 million in 2017/18 and £919m in 2018/19.

10.2 CCG expenditure plans

Financial plans have been prepared for North, Central and South Manchester CCGs and were submitted to NHSE in December. The table below summarises income and expenditure included in these plans, which are intended to form the basis of Manchester CCG's opening budgets.

Table five - Expenditure plans 2017/18

	South CCG £m	Central CCG £m	North CCG £m	Total £m
Recurrent	267	296	324	887
Non-Recurrent	0	1	5	7
B/f surplus	2	3	3	8
Total In-Year allocation	269	300	332	902
Income and Expenditure				
Acute	129	141	145	415
Mental Health	32	45	36	113
Community	20	22	26	68
Continuing Care	18	10	10	39
Primary Care	31	31	39	101
Other Programme	9	12	12	33
Primary Care Co-Commissioning	24	31	32	87
Reserves	4	6	24	33
Total Programme Costs	267	298	324	888
Running Costs	4	4	4	12
Contingency	1	1	2	4
QIPP not included in budget	-5	-6	0	-11
Total Costs	267	298	329	894

10.3 North Manchester investment resource

As previously stated, financial plans for MHCC will be developed on the basis that budgets set will reflect national allocation policy at the existing CCG level. Specifically the 2017/18 financial plans will include a recurrent budget of £13m to support North Manchester investment requirements, with a further £3m available non-recurrently.

10.4 QIPP/Saving requirement

Where QIPP plans are relatively certain CCG budgets have been adjusted for target values. The table below details the total QIPP target for the three Manchester CCGs and aggregated position.

	2017/18				2018/19			
	NMCCG	SMCCG	CMCCG	Total	NMCCG	SMCCG	CMCCG	Total
	£m	£m	£m	**£m**	£m	£m	£m	**£m**
QIPP	0	6.86	8.23	**15.1**	0	7.71	7.1	**14.8**
Stretch target	4	0	0	**4**	0	0	0	**0**
TOTAL	4	6.86	8.23	**19.1**	0	7.71	7.1	**14.8**

Table six - QIPP requirements

In addition Manchester City Council has set a savings target of £5m in 2017/18, a considerable reduction on the £17m originally planned. With the full year effect of additional demographic pressures now fully quantified there are further pressures of £5m to be offset in 2017/18 which in effect increases the savings target to £10m for in scope services. The combined result is a QIPP savings requirement of £25m, excluding the stretch target in North CCG. To date plans for £16.5m have been identified but it should be noted that £8m are currently RAG rated 'red'. Further work is ongoing to strengthen plans.

10.5 Road map to Integrated Health and Social Care budgets

In developing MHCC there is significant work involved in the most appropriate systems of financial management and control for the organisation. This will take time to plan and operationalise. Therefore, it is recommended that financial arrangements from the 1st of April 2017, including the approach to risk and benefit shares, are aligned to those currently in operation within the existing Section 75 agreement between the three CCGs and Manchester City Council.

From 1st of April 2017 it is expected that the following will be in place:

- The merger of three CCGs into one legal organisation, bringing together allocations, financial systems and budgetary control.
- An expanded aligned pooled budget with Manchester City Council covering the majority of health and social care expenditure.
- Joint financial reporting, showing the total commissioning financial position.
- The development of a joint financial framework.

Further work will take place in the last quarter of 2016/17 and during 2017/18 to fully integrate health and social care financial systems and staff, to undertake due diligence on opening budgets and to develop a more sophisticated approach to risk and benefit shares. This will be necessary for the effective operation of a fully integrated pooled budget that enables resources to be more flexibly deployed to meet priorities and to support the development of the Investment Agreement required to underpin the GM Transformation Fund investment.

MHCC will have oversight of all health, social care and public health commissioning budgets in scope. The detail of the MCC budgets in scope is included in the tables below. From 2017/18 the scope will include adult social care and public health with Children's services budgets forming part of the next phase.

Table seven sets out the calculation of the Manchester City Council contribution into the Pooled Budget which shows a net increase. The City Council has confirmed a three year contribution in order to give some stability into the new arrangements. Table eight sets out the breakdown of the Adult Social Care budget.

	2017/18 £m	2018/19 £m
Base Budget	**157.69**	**156.63**
Apportionment of pay and non-pay inflation	2.52	4.50
National Living Wage costs for commissioned services	4.26	8.52

Sub Total Additional Funding	17.04	25.93
Sub Total Contribution	**174.7**	**182.5**
Savings Target met from Local	-5.00	-8.00
Add Additional Social Care Pressures	-4.68	-4.75
Total Savings Requirement	-9.68	-12.75
Total Pooled Budget Contribution	**165.05**	**169.81**

Table seven - Pooled budget contribution 2017/18 - 2018/19

MCC base budgets	£M
Care	32
Assessment care and Support	6
Learning disability services	36
mental health services	18
Business units	14
Homelessness	4
Commissioning	14
Public health	28
Safeguarding	2
Back Office	4
Total	158

Table eight - City Council base budgets

Note The Public Health figure excludes the amounts in Children's services and hence is lower than the published grant amount.

In total, the budgets available for the commissioning of health, social care and public health will total £1.076 billion in 2017/18 and £1.102 billion in 2018/19.

11.0 Requirements set out by CCGs in supporting the direction of travel

Boards identified a number of key issues which they considered important in establishment of new commissioning arrangements. The response to these has been set out in the sections above. These are referenced below to demonstrate that plans that have taken note of these issues.

- The importance of clinical leadership is agreed across the system. The establishment of MHCC has:
    - o Set out a new vision for clinical leadership
    - o Established governance which ensures clinical leadership is 'wired' the operations of the organisation including:
        - The clinical committee which creates a direct line between Board and member practices
        - Clinical membership of the Board, Committees and other working groups.
- In becoming a larger organisation, across a wider geographical footprint, it is important that there is a strong connection to neighbourhoods. Again, the governance and roles outlined above will ensure this, including:
    - o Named GP Board members will have a specific responsibility to link with a number of defined neighbourhoods
    - o The Clinical Committee will include clinical representation from each neighbourhood
    - o The Patient and Public Advisory Group will include representation from each neighbourhood
    - o There will be an ongoing programme of community engagement, overseen by the PPAG and Lay representative for Patient and Public Involvement.
- It was important that North Manchester's increased allocation, due to historic underfunding in that area, was not lost. As set out in section 10.3 an investment budget will be established to invest in improvement in the North Manchester area.

12.0 Implementation milestones

The following section outlines the priority work in developing MHCC and also sets out MHCC's key priorities for the next eighteen months.

12.1 MHCC Development

Key actions for the next three months are:

- Mission vision and values
    - o Agree and communicate
- Governance
    - o Memberships' approval of merger
    - o NHSE authorisation of NHS Manchester CCG
    - o Establishment of partnership agreement with Manchester City Council
    - o Schedule and plan Board and Committee meetings
    - o Scope the work role and function of the Clinical Committee
- HR & OD
    - o Appointment of Governing Body, Board and Executive Team
    - o Develop the model and structure of clinical leadership

- o Development of integrated staffing structure

- Finance
  - o Establish financial systems for Manchester CCG
  - o Agree pooled budget arrangements for 2017/18
- Logistics
  - o Short term office and IT solutions
  - o Develop medium term plan for estates and IT

12.2 MHCC Forward Plan

Programme	Jan-Mar '17	Apr-Sep '17	Oct '17 - Mar '18
Commissioning	Establishment of MHCC through CCG merger and partnership with MCC. Strategy in place. Our Manchester projects established	Fully operational, workplan for full financial integration across health and social care agreed	Agreed plan for Children's commissioning integration
LCO	Issue of provider PIN, commission new care models, social care market shaping plan, nursing & residential	Provider selection complete. Alliance agreement for 2017/18	Contract agreed for April '18 start
Single hospital service	Identification of benefits, progress with CMA, plan for NMGH	UHSM & CMFT merge, plan for NMGH in place	Timetable for NMGH inclusion agreed
Transformation	GMTF income and expenditure agreed, overall benefits of locality plan agreed. LCO funding for new	Delivering early services, especially in the LCO	Transformation programmes aligned to LCO provider
Mental health	Successful arrival of new provider - 4 agreed priorities	Delivering services effectively, integration plan to LCO in place	
Finance	Agree budget and savings plan for 2017/18	Delivery of financial plan	Agree budget and savings plan for
Quality and performance	Key priorities e.g. DToC, NMGH	Delivery of Quality & Performance objectives	Delivery of Quality & Performance objectives

Table nine - MHCC Forward plan

13.0 Risks and issues

In the November Board papers a summary of key risks of establishing MHCC and also of not doing so were provided. This risk assessment is included in the table below with a current status for risks against establishment.

Risk as at Nov '16	Current position	Mitigations
Cultural and business practice differences between the four partner organisations.	Significant progress has been made with both culture and business practice. The OD programme has been very strong.	Further OD work as set out above. In addition a stocktake of systems and processes is being undertaken to support development of a unified operating model
The timeframe for implementation is challenging.	All critical timescales have been met to date. The remaining milestones are also significantly challenging.	A project team is now in place and workstreams are well resourced.
The implementation timescale is reliant upon NHS England approval processes.	NHS England have approved the merger subject to CCG Board and member approvals.	Strong proposition to CCG Boards. Intense engagement with
Legal and regulatory barriers might be an impediment to the ideal governance arrangements	A suitable governance arrangement has been identified which will allow MHCC to work effectively. Drawing up of the appropriate agreements and seeking approvals is still required	Working with legal teams of MCC and CCGs and liaison with senior leadership to ensure arrangements are satisfactory.
The opportunity cost in terms of workforce	There is still significant time commitment from CCG/MCC staff for MHCC development. However, this will start to reduce from April. Efficiencies in new ways of working are expected to offset this in the short and longer term.	Additional appointments supporting MHCC development.
The time to implement a pooled budget and associated risks	Development of a roadmap towards full financial integration over a two year period.	Work progressing between finance teams.

Table ten - risk assessment of MHCC development.

For information the risks set out in the November paper, of not establishing MHCC were.

- Continued sub-optimal working leading to City work streams with unclear leadership, governance and decision making
- Unacceptable levels of stress within the workforce and increased staff turnover due to stress and uncertainty
- An incompatibility of commissioning arrangements with the external environment e.g. (GM Partnership and provider configuration)
- The financial and performance implications of not progressing transformation programmes at sufficient pace due to sub-optimal working arrangements.

14.0 Recommendations

Each CCG Board is asked to:

Support the recommendation that NHS North Manchester, NHS Central Manchester and NHS South Manchester CCGs merge with effect from April 1st 2017.

Recommend the merger of the three CCGs to their respective memberships and initiate a vote to be concluded by the 9th of February 2017.

Support implementation milestones and the following specific decisions to support this:

- Support executive team design and initiate appointment process
- Support appointment to Governing body and Board posts upon approval of the CCG merger
- Support the development of a partnership agreement with Manchester City Council with a view to review by a future Joint Boards' meeting and approval by the Governing Body on appointment.
- Agree the forward plan for MHCC as set out in section 12

MANCHESTER CITY COUNCIL

NHS Manchester Clinical Commissioning Group

Penna

Appendix 1

Appendix One – High level timeline

Workstream	October	November	December	January	February	March	April
Mission Vision Values	SCF M,V,V produced						
OD	Engagement Strategy Staff, Members & PPAG	Comms / Engagement events – Crowdsourcing tool, Solve it sessions, information exchange, buddy schemes New Ways of Working & Change Programme developed		1st phase systems and process developed and implemented Exec Team Appointed	Exec Team development - New ways of Working		
		People Development – Training Needs Analysis developed					
HR	Establish employee requirements for New Organisational Model	Assignment of Employees to MHCC		Employee & Trade Union Consultation	Due Diligence, Process and Administration		
Governance	Partnership Agreement, Constitution & Accountable Officer Complete			CCG/MCC Decision To est MHCC NHSE Approval		CCG/MCC Final assurance approval	MHCC Establishment
Commissioning Strategy	Commissioning Strategy Complete						
Finance				Financial Reporting Management & Ledgers		Regs & Standing Orderrs Business Intelligence Contracting	
ICT & Estates	Partnership Agreement Requirements gathered		Options Appraised		Pooled Fund 1st Phase implementation		
Key Decisions & Boards	CCG Boards Council Exec H&WBB			CCG Boards Council Exec H&WBB		CCG Boards Council Exec H&WBB	