

Manchester Health and Care Commissioning Board

A partnership between Manchester

City Council and NHS Manchester Clinical Commissioning Group

Agenda Item:		Date:	
Report Title:	Strategic Commissioning		
Prepared by:	Dr Leigh Latham		
Presented by:	Ed Dyson		
Summary of Report:	<p>This report is the second of a set of three which began by setting out the strategic context in which MHCC is operating in April, and will now focus on organisational change taking place across the city, before concluding in June with an overview of the new health and care models.</p> <p>The report will describe in more detail the three pillars: Single Commissioning Function, the Local Care Organisation and the Single Hospital Service. The report will also describe the development of the 'Manchester Agreement' which is the approach being developed jointly across providers and commissioners to have a common framework by which to monitor and evaluate the performance, impact and outcomes at a system wide level.</p>		
Strategic Objective:	<ul style="list-style-type: none"> • To improve the health and wellbeing of people in Manchester • To strengthen the social determinants of health and promote healthy lifestyles • To ensure services are safe, equitable and of a high standard with less variation • To enable people and communities to be active partners in their health and wellbeing • To achieve a sustainable system 		

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Board Assurance Framework Risk:	N/A
Outcome of Impact Assessments completed (e.g. Quality IA or Equality IA):	
Outline public engagement – clinical, stakeholder and public/patient:	Engagement has been undertaken as part of the development of a Healthier Manchester (Locality Plan). The commissioning strategy is still in development and has had good engaged with public advisory groups, community connectors and other stakeholders.
Recommendation:	The MHCC Board is asked to note the report.

1.0 Introduction

The national and local strategic context within which Manchester Health and Care Commissioning operates was set out in detail in the previous strategy board paper.

This paper follows as the second of a set of three and will focus on significant organisational change taking place across the city in response to the national and local requirements across health and care. Essentially for Manchester, this is the development of the three pillars; Single Commissioning Function, the Local Care Organisation and the Single Hospital Service.

There will be considerable investment in the transformation of health and care for the population of Manchester, and therefore alongside organisational changes taking place, an agreement is being established called the Manchester Agreement between partners in the City to deliver upon these investments. This paper will update the board on the latest position.

The third paper in the series in June will describe the care models that are being developed and planned for implementation.

2.0 Local Care Organisation

Local Care Organisation Procurement Programme

The three Manchester CCG Boards approved the procurement of a Local Care Organisation (LCO) on 25th January 2017, the launch of which was delegated to the Provider Selection Programme Board (PSPB), subject to completion of all required internal and external assurance matters. Manchester City Council delegated authority to launch the procurement to the Director of Public Health.

The LCO is a large scale and complex procurement which is expected to be complete in autumn 2017 with a view to service delivery from April 2018.

The benefits of delivering care through the LCO are expected to be:

- Improved population health outcomes
- Better use of resources through reductions in health and social care activity and improved efficiency
- Improved experience of care
- Local people being independent and able to self-care
- Better integrated care that works with wider social issues that impact upon wellbeing
- Better health and wellbeing for local people
- Reduced variation in outcomes and experience – within the city and compared to other parts of the country

Positive – Collaborative – Fair

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- LCO and wider health and social care system sustainability

The procurement process, enabled through strong programme management, provides a robust, proportionate and legally compliant framework within which the Board's decisions can be made. The PSPB remains in place to oversee the development of plans and progress and to maintain governance and standards on behalf of the MHCC Board. Members of the PSPB are numerous and varied, including elected member and patient member representatives, as well as many senior functional and service leaders across the City.

Qualification Stage

The procurement programme continues to progress in line with planned timescales, in summary:

- The procurement formally launched on 10th March 2017, through the publication of a 'Prior Information Notice' and other supporting bidder information.
- The initial phase of the procurement, the 'Qualification Stage', included a deadline for submission of bidders' responses to MHCC (via procurement portals) of 28th April 2017.
- The planned completion date to conclude the evaluation of all 'Qualification Questionnaires' received on 28th April 2017 remains on track. Several city wide MHCC and patient stakeholders are involved in the evaluation, which is due to conclude 22nd May 2017. This will then be submitted to Board for approval.

Award Stage

Planning for the next phase, the 'Award Stage', of the procurement has been ongoing since 10th March 2017, in line with commissioners' flexibilities afforded through the 'Light Touch Regime' of the Public Contracts Regulations 2015. Details of the process and MHCC requirements will be confirmed to all identified 'capable' bidders, following approval of the evaluation outcome report by the MHCC Board.

The approach to governance, programme phasing and timelines for the remainder of the procurement, including the interaction with external stakeholders (particularly those involved in the 'Integrated Support and Assurance Process' (ISAP) from Greater Manchester and nationally) is under review. Of key importance for the Award Stage, is strategically and pragmatically managing the complexity of commissioning a 10 year contract alongside the advertised priorities and phasing of services on 10th March 2017.

The PSPB will continue to assure the procurement programme on behalf of the MHCC Board, to ensure:

- ongoing compliance with relevant legislation, and proportionate approaches to process design and assessing providers' responses;
- proposed budgetary requirements remain relevant and value for money; and
- most importantly, that the primary success factor of securing a credible LCO contract holder is achieved, with robust plans to deliver and improve services for

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the people of Manchester in accordance with MHCC's commissioning aspirations.

The Board is requested to delegate the formal initiation of the next phase of the procurement to the PSPB.

Risk Update

Risks are routinely reported to the PSPB. Several key procurement and contracting risks remain, including:

- VAT – as previously reported, VAT legislation may result in unintended affordability consequences. Potential issues continue to be explored in conjunction with external advisors and HMRC.
- Programme capacity to deliver at pace – this reflects the demands on MHCC representatives to develop the procurement alongside managing 'business as usual' activities, however, planning timescales and the programme's formal structure seek to mitigate potential issues.
- Process challenges – challenge risks are inherent within any procurement programme. Governance and assurance is monitored through the PSPB. Dedicated procurement expertise and legal advisors continue to support the process to ensure compliance risks are minimised.
- Assurance processes – the procurement and resulting contract award must be assured through the 'ISAP'. There remains a risk that the preferred bidder and contracting model for Manchester does not satisfy assurance requirements, however, local planning is seeking to mitigate this risk through engagement of stakeholders and support throughout the process.
- Focus and priorities – the proposed 10 year contract term carries inherent uncertainties in relation to MHCC's priorities and related matters in the latter years. Related risks will be minimised through the inclusion of development plans within the contract for key areas, as well as mitigations expressed through contractual terms and conditions.
- Affordability – the Locality Plan documents the predicted 'do nothing' gap across the health and care system. Bidders' financial proposals are yet to be tested through the 'Award Stage' although there remains the risk that proposals may not be affordable. Accordingly, this will be a key area for due diligence in the coming months.

3. Overview of Single Hospital Service and North Manchester development

The Manchester Locality Plan described the ambition of creating a Single Hospital Service for the city of Manchester. This was in response to the acknowledgement by commissioners and providers that changes to acute provision are required to help address the inequity for patients accessing services, the quality of care received, and outcomes for patients following treatment. Essentially the current configuration of hospitals across Manchester means that two people with the same condition, living within a few miles of each other can get different care and can have different chances of survival depending on when and where they use hospital services. In

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addition, the acute providers are facing significant financial pressures, staff shortages and rising demands.

The benefits for patients following the creation of the new Single Hospital Service have been articulated as:

- Better continuity of care wherever they are treated
- Consistently high standards of services at all hospitals
- Stronger teams sharing specialist skills 24/7
- Attracting and keeping the best staff
- More joined up patient record and clinical systems
- Less duplication and waste across sites
- Increased opportunities to attract research funding

Wider benefits for people in Manchester, and across Greater Manchester, that the Single Hospital Service will bring include the opportunity to grow research, education and investment into the region, and therefore developing and attracting highly skilled staff.

The new organisation will be created in two stages. Initially, Central Manchester University Hospitals NHS Foundation Trust (CMFT) and the University Hospital of South Manchester NHS Foundation Trust (UHSM) will join together to create a new Foundation Trust in September 2017 (Project 1). Before this merger can proceed, approval is required from NHS Improvement and the Competition and Markets Authority (CMA). The plan is then for North Manchester General Hospital to join the new organisation around 12-18 months following the merger (Project 2).

The CMA are currently in the second stage of their assessment. This focusses upon an assessment of the dis-benefits of lost competition versus the benefits gained through bringing together the trusts. A delegation from MHCC visited the CMA offices in London to give evidence to the hearing. This reported MHCC's full support to the proposition and a wide range of issues raised by the CMA.

While work to create a Single Hospital Service is currently focussed around the merger between CMFT and UHSM, the development of North Manchester General Hospital is an important part of the long term vision for the Single Trust. Current focus is upon stabilisation and improvement to services as part of the improvement plan following the CQC inadequate rating of North Manchester General. Work is progressing now to determine a future vision for the hospital within the context of the Single Hospital Service.

In January 2017 Manchester's Health and Wellbeing Board supported a project initiation document "for the development of a clinical and financially stable plan for the future provision of hospital and well-being services at North Manchester General Hospital (NMGH)". This described how commissioners and stakeholders would work together to develop a plan for a vibrant future for the site.

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Following the endorsement of the project initiation document, a North Manchester Strategy Board has been convened. This is chaired by the Chief Accountable Officer of Manchester Health and Care Commissioning, with leadership representation from key partner organisations including providers and commissioners. The North Manchester Strategy Board is responsible for developing the future vision and strategy for the North Manchester General Hospital site.

4.0 MHCC

Manchester Health and Care Commissioning was established on the 1st of April 2017. The organisation was formed as a result of merging the 3 Manchester CCGs and creating a partnership agreement between Manchester CCG and Manchester City Council. The strategic aims of MHCC are to:

- Improve the health and wellbeing of people in Manchester.
- Strengthen the social determinants of health and promote healthy lifestyles.
- Ensure services are safe, equitable and of a high standard with less variation.
- Enable people and communities to be active partners in their health and wellbeing.
- Achieve a sustainable health and care system.

This was the first stage of the development of MHCC as a strategic commissioner. The organisation was formally launched with staff on the 25th April where the values of the organisation were launched (positive, collaborative and fair) and staff invited to articulate their pledge to these values. This brought phase one of the overall MHCC programme to successful delivery, and movement to phase 2 of the programme which will focus on organisational development incorporating staff structures, finalisation and implementation of the commissioning strategy, and Finance, Governance, ICT and Estates.

The scale of the task for MHCC over the next few years is significant. In order to deliver the system transformation set out in the locality plan, the collective commissioning resources will need to be used effectively and efficiently, whether it is clinical leadership, managerial capacity and capability, finance and/or other resources. Similarly, in developing the organisation consideration is being given to how alignment of teams will support the delivery of the locality plan overall.

There will be a focus on organisational development to support new ways of working, develop leadership models, new and different skills/capabilities, and redesigns roles where necessary to ensure that the right skills are in place to deliver the required outcomes. This will be in line with the recommendations of the wider GM Commissioning Review. The nature of health and social care work is changing therefore a strategic approach to OD is required to:

- Equip employees to deliver the changing needs that supports an integrated delivery model
- Develop employees at all levels avoiding the focus on only professional and leadership roles

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- Develop shared core competencies based around core business requirements for MHCC as a strategic commissioner in the city.

The implementation of the organisational development approach described will effectively underpin the development of MHCC. In terms of the MHCC programme, additional key deliverables over the next 3 months are to:

- Agree and populate the directorate staffing structures which went out for staff consultation on the 10th May
- Develop the 'new ways of working' which is essentially how the organisation will conduct its business
- Implement the IMT roadmap with prioritised delivery of wifi solution at the Town Hall extension to enable co-location of MHCC staff across all office locations.
- Develop an estates roadmap with a costed options appraisal with an aim to reduce the number of sites MHCC operates from.

As MHCC develops, it will become more strategic, defining and measuring outcomes with appropriate incentives for providers to deliver these outcomes, and using longer-term contracts extending over five to ten years. This will mean passing operational work such as clinical pathway redesign to providers, most notably the LCO. Similarly the opportunities created by the Greater Manchester partnership arrangements will allow more co-ordinated commissioning at this level. The function and working practices of MHCC are, therefore, likely to evolve for a number of years. MHCC will be the lead commissioner for the SHS and the LCO, with clinical leadership being a key feature of how it functions. In the context of such significant strategic change, the presiding culture is being developed to support and enable a resilient, flexible and innovative organisation that is focused on patients and driving health improvement for the population of Manchester.

5.0 Manchester Agreement

A draft Manchester Investment Agreement is under development. This will create a bridge across MHCC, LCO and SHS to ensure that each is working to a common goal and that there are practical mechanisms in place to support implementation. This will have an emphasis on the GM Transformation Fund monies as well as other investments e.g. adult social care, investments in North Manchester and primary care. However, these investments and the agreement should act as the means to transform the way the full £1bn of health and care of funded services operates. The agreement will include the following.

Principles	How we commit to work together
Vision and strategy	What we seek to achieve
Operational	The mechanisms we put in place to support change

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The operational arrangements will include risk/gain share agreements, performance and evaluation frameworks and benefits realisation plans. It will focus upon financial benefits as well as health and wellbeing benefits.

This will connect with our commissioning arrangements including our contracts with the SHS and the LCO.

6.0 Recommendations

The Board is requested to note the progress update in relation to the procurement programme and delegate authority to initiate the next phase of the procurement to the Provider Selection Programme Board, subject to assuring deliverables in terms of compliance with procurement legislation, ISAP requirements, and management of key risks.