Manchester City Council
Report for Resolution

Report to: Executive – 8 February 2017

Subject: Manchester's Locality Plan – A Healthier Manchester

Report of: Chief Executive

Summary

As part of the devolution agreement with the Government for Greater Manchester to take charge of health and social care spending and decisions the Council and its partners are currently in the first year of implementing Manchester's Locality Plan – "A Healthier Manchester". The Plan details the transformation ambition for health care services in the City as part of the Greater Manchester strategy – Taking Charge of our Health and Social Care. Manchester's Plan is overseen by the Health and Wellbeing Board on behalf of the health and care partners in the City.

This report provides a comprehensive update on progress towards implementing the Locality Plan and seeks the approval of the Executive to the Council's contribution to the next stages of implementation through the deployment of Council staff and resources into the Single Commissioning Function and integrated services to be delivered through a Local Care Organisation.

The report also explains the next steps to develop a Single Hospital Service for the City and asks the Executive to endorse the creation of a single acute provider organisation and the proposed phasing as set out in the report.

This report was considered by the Health Scrutiny Committee on 5th January alongside the budget implications of the Locality Plan at There are two related reports elsewhere on this agenda. The first deals in more depth with the single commissioning junction (known as Manchester Health and Care Commission). The second deals with the procurement process for the Local Care Organisation.

Recommendations:

That the Executive:

1. Endorse the next phases of implementation of the Locality Plan, as set out in this report, as a clear and robust response to the requirements of the Our Manchester Strategy to transform health outcomes for Manchester people and the platform for achieving financial sustainability.

2. Approve in principle that the Council enter into partnership arrangements under Section 75 of the NHS Act 2006 with the City's merged CCGs to form the Single Commissioning Function, subject to the terms of the partnership agreement being submitted to a future meeting of the Executive for approval.

3. Approve commissioners undertaking a procurement exercise to appoint a single provider of integrated health and social care in Manchester, with the intention that there will be a single contract that will include all out of hospital health services, including primary care, adult social care, community health and mental health services.

4. Note that the organisations that form the Manchester Provider Board, which include the Council as a provider of adult social care, will bid for the single contract on the basis of an equal partnership between the principal provider organisations in the form of a Local Care Organisation (LCO). Subject to the outcome of the procurement process, in the event that the bid prepared by Manchester Provider Board is successful, further reports will be submitted to the Executive on the terms of an Alliance Agreement, and the formation of the LCO.

5. Note that Council staff will need to be deployed to both the Single Commissioning Function and the LCO, with roles being backfilled, subject to the approval of Personnel Committee where appropriate.

6. Note that a report will be submitted to the Personnel Committee on the 11th January recommending changes to the Director of Adult Social Services (DASS), Deputy DASS and Director of Public Health roles.

7. Endorse the creation of a single acute provider organisation and the proposed phasing set out in this report as a key part of the move to a single unified health and care system for the City and a central part of the GM strategy for health and social care devolution and that the benefits of the Single Hospital Service (SHS) and of the Locality Plan as a whole be commended to NHS Improvement and the Competition and Markets Authority to support their consideration of the SHS.

8. Note the progress on the transfer of the City's mental health services to a new provider and that mental health will be fully integrated into the new service models being developed.

9. Note the emerging vision for the future delivery of services from the North Manchester General Hospital.

Wards Affected: All

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Driving forward the growth agenda with a particular focus on a unified health and care system which will focus upon utilising available resources effectively. This will provide opportunities for local jobs.

A highly skilled city: world class and home grown talent sustaining the city's economic success	Integrated commissioning will focus on utilising available resources to connect local people to education and employment opportunities, promoting independence and reducing worklessness. Working with schools to engage and support our communities.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The focus is on changing behaviours to promote independence, early intervention and prevention, the development of evidence based interventions to inform new delivery models.
A liveable and low carbon city: a destination of choice to live, visit, work	Development of integrated health and social care models and local commissioning arrangements that connect services and evidence based interventions to local people and enable families and their workers to influence commissioning decisions aligned to locally identified needs.
A connected city: world class infrastructure and connectivity to drive growth	N/A

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

This report should be read alongside the Locality Plan – Financial Report – Closing the Funding Gap 2017/21.

Financial Consequences – Capital

The capital implications are outlined in the Council's Capital Strategy Report elsewhere on the Executive agenda.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

GM Strategic Plan – Taking Charge of Our Health and Social Care

Manchester Locality Plan – A Healthier Manchester

Draft Prospectus: Manchester Local Care Organisation – April 2017-2027

1.0 Introduction

1.1 Greater Manchester Health and Social Care devolution has enabled the Council and NHS partner organisations, together with the voluntary sector and other partners, to produce a five year Locality Plan to transform the delivery of health and care services and improve health outcomes for residents. The Plan aims to overcome the very significant funding and capacity challenges facing the health and social care system to enable the system to become clinically and financially sustainable.

1.2 The Locality Plan was approved by the Health and Wellbeing Board 27th April 2017. The Executive has previously received reports: on 17th February 2016, it received the latest version of the Locality Plan; on 29th June, it endorsed the recommendation that Central Manchester Foundation Trust (CMFT), Pennine Acute Hospital Trust (PAHT) and University Hospital of South Manchester (UHSM) be requested to enter into discussion to consider the creation of a new, single organisation; and, on 19th October it endorsed the direction of travel in the establishment of the Single Commissioning Function.

1.3 The purpose of this report is to give a comprehensive update on all aspects of the Locality Plan, acknowledging the unprecedented scale of ambition and commitment across the city with the alignment of leadership across all of the health and care partner organisations.

2.0 Context

2.1 Our Manchester

The Our Manchester Strategy sets out the ambition for the city for the next ten years – to be thriving, filled with talent, fair, a great place to live, and buzzing with connections. A key priority of Our Manchester Strategy is radically improving health and care outcomes, through key partners coming together in new ways to transform and integrate services; putting people at the heart of these joined-up services; a greater focus on preventing illness; helping older people to stay independent for longer, and recognising the importance of work as a health outcome and health as a work outcome. The Manchester Locality Plan – 'A Healthier Manchester' – represents the first five years of transformational change needed to deliver this vision.

2.2 This will require a complex set of transformations that is unique in its nature and scale. The Manchester Locality Plan involves radical re-shaping of health and care and significant simplification of organisations in the city – moving to one commissioning function, one hospital system and one out of hospital organisation that is integrated with mental health services. This will move away from the current complexity of organisations in the City with three major hospital trusts, three Clinical Commissioning Groups, the Council with responsibility for social care and a Mental Health Trust. This is in addition to 90 GP practices, many private providers of social care, and voluntary, community and social enterprise organisations.

2.3 Cultural change in the way people work together will be more important than this simplification and integration of organisations. These changes will reform how Manchester supports more residents to become independent and resilient, better connected to the assets and networks in places and communities. Public services will be radically reformed so that they are built around citizens and communities rather than organisational silos.

2.4 **Overall Benefits**

Delivering the vision will be very challenging, given poor health outcomes in the City including:

- Children born in Manchester can expect to live a greater proportion of their lives in poor health. On average, a boy born in Manchester can only expect to spend around 74% of his remaining years of life in good health compared with an England average of 80%. For girls born in Manchester, the figure is even lower (69.7% compared with an England average of 77.1%).
- Life expectancy is 8.5 years lower for men and 7.1 years lower for women born in the most deprived areas of Manchester compared with the least deprived areas.
- Growing numbers of older people with complex health needs to manage;
- High levels of alcohol abuse (3,150 related hospital stays per year), smoking (735 related deaths per year) and obesity (24% of year 6 children classed as obese).

2.5 There is also a huge financial challenge. Pressure on services and funding reductions together present a £133.5m funding gap forecast by 2020/21. This includes:

- £65.9m for the NHS Provider Trusts
- £46.4m for Manchester City Council; and
- £21.2m for the three CCGs

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2.6 Financial and clinical benefits cases have been produced for each of the three pillars of the plan: the Single Commissioning Function, the Local Care Organisation and the Single Hospital Service. These have been developed to support access to the GM Transformation Fund (see 3.2 below) and to meet the requirements of various NHS assurances process and national regulators including the Competition and Markets Authority (CMA) in relation to the Single Hospital Service. These individual assessments and an overall benefits assessment will continue to be developed but it is already clear that there are clear public benefits which will be delivered by the plan as a whole and which need to be taken fully into account by the CMA and other regulatory bodies. The October 2016 submission to the GM Transformation Fund, total identified benefits of £128m by 2020-21 of which £92.6m had been identified as cashable.

2.7 Delivery of the Council's adult social care budget for the next three years will be dependent upon delivery of the Locality Plan and in particular new

integrated models in care reducing activity levels for acute and residential care services. These shifts in capacity from acute and residential to integrated out of hospital services will be tracked through metrics within an Investment Agreement for GM Transformation Funding and an Alliance Agreement between the organisation or partners that intend to form the LCO and the Single Commissioning Function. A full report on the financial implications of the Locality Plan for the Council's budget appears elsewhere in this agenda.

3.0 Implementing the Locality Plan – the next 12 months

3.1 The next 12 months will see significant progress in the re-shaping of the health and care landscape in Manchester and in particular the following:

- The establishment of the Single Commissioning Function from April 2017;
- The procurement of a Local Care Organisation to deliver integrated out of hospital services within the community;
- The first stage merger of CMFT and UHSM;
- The mobilisation of a clear plan for the delivery of high quality services from the North Manchester General Hospital site;
- The delivery of mental health services by GMW.

3.2 In October a significant submission for investment was made to the Greater Manchester Transformation Fund to secure investment in new service models and the delivery of the reformed health and care system. The evaluation of that submission is currently underway with decisions on funding expected in February. Investment is required to enable the whole health and care system to act more effectively and efficiently and will be key to levering the remodelling of the system that is required to improve health and care outcomes and close the funding gap.

3.3 Ahead of formal evaluation of the investment submission Development Funding has been secured from the GM Transformation Fund to commence the first stage work relating to the Single Hospital Service, and to release resources to enable the continued development of the out of hospital integrated models of care.

4.0 Single Commissioning Function

4.1 Following the report to the Executive on the 19th October the Single Commissioning Function is on track to be in place by April 2017. Bringing together the three CCGs and MCC commissioning for adult social care and public health, it will develop new ways of commissioning services from the Single Hospital Service and Local Care Organisation to drive improvements in health and care outcomes, and develop new payment and contracting mechanisms. This work aligns with key themes and work programmes delivering the Greater Manchester Health and Social Care Strategy and exemplifies the new approaches set out in the GM Commissioning for Reform Strategy.

4.2 As the first step to developing the Single Commissioning Function a joint application by the three CCGs has been submitted seeking approval from NHS England to merge to form a new Manchester CCG from April 2017. The NHSE assessment panel has considered the tests for merger in NHS England's guidance and the CCG Regulations. It has been determined that the requirements for authorisation as a new single CCG have been met, subject to the formal agreement of the GP memberships and Governing Bodies of the CCGs, and the submission of additional information such as the proposed constitution of the new CCG.

4.3 Currently the name assigned to the Single Commissioning Function, is Manchester Health and Care Commissioning (MHCC). The Chief Officer, Ian Williamson, has now been appointed and will start in the New Year. Work is progressing to identify the functions that sit within this new arrangement acknowledging that some commissioning functions are expected to form part of the Local Care Organisation. The future of commissioning within MHCC will:

- be more strategic and outcome focussed
- assure quality and performance
- manage fewer, larger contracts let over a longer period of time.

4.4 For the Council work is progressing to identify the staffing capacity to be deployed into the Single Commissioning Function. The number and type of roles that will be deployed are currently being identified and they will be confirmed and communicated by the end of February or earlier.

Importantly, and as reported in the report to the Executive on the 19th October, the statutory role and functions of the Director of Adult Services and the Director of Public Health will be accountable to the Chief Executive of the Council and sit on the executive of the Single Commissioning Function. They will form part of the Executive Team of the new commissioning organisation. Direct reporting lines will also be maintained to the Executive Member for Adults, Health and Wellbeing. This arrangement will ensure that the local authority's legal responsibilities are at the forefront of commissioning decisions. These arrangements will be set out in a Partnership Agreement a draft of which will be presented to a future meeting of the Executive. The Partnership Agreement will also set out:

- the pooled budget and the delegated functions; and
- the roles and functions to be retained by the Council to include responsibilities for safeguarding.

5.0 Local Care Organisation

5.1 The Manchester commissioners have outlined their intentions regarding the commissioning of community based out of hospital care in a Draft Prospectus recently considered by the Health and Wellbeing Board and the Health Scrutiny Committee.

5.2 In meeting the challenges outlined in the Locality Plan commissioners are stipulating changes in the way that the health and care system delivers services. They have taken steps to prepare a commissioning prospectus that details the expectations of a Local Care Organisation (LCO) in the delivery of community based out of hospital care.

5.3 The Prospectus describes what commissioners will commission through a single contract over a ten year period. It describes a range of services to be delivered in community settings and includes existing primary, mental health, community health care, social care and voluntary and community sector services.

Work is progressing to shape the range and focus of services to be delivered through a Local Care Organisation and the models of care to be delivered. The model is based upon the following key elements:

- An Enhanced Front Door (the way that residents access services)
- A High Impact Primary Care Offer
- 12 Integrated Neighbourhood Teams
- Locality and citywide services
- Acute Discharge

The focus of the LCO will be upon five cohorts of people who represent 14% of the population (92,500 people) but account for 44% of secondary activity and 95% of residential and nursing care activity. It will be required to develop new care models that:

- Improve outcomes for local people, addressing variation in the outcomes across the City through neighbourhood targeted interventions;
- Achieve significant reductions for higher cost activity.
- Ensure that people are able to gain timely access to high quality services when and where they need them;
- Adopt a holistic whole person approach that recognises individual's context, health, care and social needs of themselves and their family;
- Organise services that balance the requirement for local delivery with the benefits and opportunities of delivery at scale;
- Support carers to perform their role effectively, recognising the vital role carers play within the system;
- Operate as part of a wider system, recognising the interdependency between the LCO, Single Hospital Service, other services and community assets.

5.4 The LCO will deliver the benefits of working at scale for patients and the public including:

- a consistent and standardised offer of care for the population;
- working across boundaries to ensure care is joined up and integrated; including working to maximise the assets which exist within communities, an deliver more proactive and preventative care;

- delivering a shared workforce strategy to improve recruitment, retention, training and skill mix;
- sharing records and integrating information management technology;
- developing opportunities to co-locate teams, and share premises and estates;
- working together to deliver efficiencies and economies of scale in areas such as working practices and back office functions.

5.5 Commissioners working with colleagues from the GM Health and Social Care Partnership are liaising regarding the appropriate processes to be followed to complete procurements for complex contracts. Referred to as 'The Integrated Support and Assurance Process', key checkpoints will be met before any procurement process is commenced and completed.

5.6 The Manchester Provider Board which includes the City Council has signalled its intention to respond to any procurement process for LCO Services and will establish an Interim Executive Team for this purpose. Michael McCourt has been appointed as Interim Chief Executive of the Team. A small number of senior Council staff will be deployed to the Interim Executive Team. In the event that the Council forms part of the LCO, there would be a phased movement of different front-line teams from the Council and other partners into the Local Care Organisation. The legal form of the LCO has yet to be determined. Around 850 FTE staff from the Council may be in scope for deployment to the new models of care over the next three years.

5.7 Development work at a GM level is also underway to reshape services such as residential, nursing and homecare services. These services will also be integrated at a neighbourhood level through the LCO.

6.0 Mental Health Services

6.1 From the 1st January 2017 Greater Manchester West (GMW) will provide mental health services in Manchester. They will be a strong partner within the Locality Plan working across the acute and community sectors. It is anticipated that mental health services will be integrated across the new care model within the LCO. It is absolutely clear that these services are integrated with physical health. Embedding services within neighbourhoods, supporting the diverse needs of different communities and learning from these communities how services can be delivered to support he integration agenda and reduce stigma.

There will be an increased emphasis on prevention; for example the delivery of Improving Access to Psychological Therapies (IAPT) within the Integrated Neighbourhood Teams. Access to these services should be faster and easier both for GPs and Manchester people. There will also be a focus on keeping people out of hospital through the development of 24/7 Home Based Treatment Services and Enhanced Community Mental Health teams. Finally there will less out of area placements by improving a rehabilitation pathway for the City. Out of area placements are expensive and problematic for improving outcomes for patients but also their families.

7.0 Single Hospital Service

7.1 The Manchester Single Hospital Service Programme is seeking to achieve significant improvements in health and financial benefits for people using hospital services in Manchester by achieving more effective alignment and synergy in the way hospital services are provided. The Programme was initiated through an Independent Review, commissioned by the Manchester Health and Wellbeing Board, and led by Sir Jonathan Michael. The recommendation to create one new organisation providing hospital services to the people of Manchester and beyond were endorsed by the Health and Wellbeing Board and separately by the Council Executive on 29th June 2016.

7.2 The Programme encompasses the following key elements:

- the establishment of a Manchester Single Hospital Service through the creation of a new NHS Foundation Trust, that takes responsibility for the services currently provided by CMFT, UHSM and NMGH;
- the development and implementation of new clinical service models;
- the review and rationalisation of clinical support functions; and
- the review and rationalisation of back office functions.

7.3 While the underlying objective is service transformation, there is agreement between the three acute Trusts, the Manchester commissioners and other key partners that the required changes cannot be delivered without creating a new organisational vehicle for the provision of hospital services.

The creation of a new single acute NHS provider organisation for Manchester will deliver benefits in the following areas;

- quality of care – reduce variation in safety and effectiveness of care;
- patient experience – including facilitating the delivery of care closer to home;
- workforce – improve recruitment and retention, and support the provision of 7 day services;
- financial and operational efficiency – reduced costs through improved productivity;
- research and innovation – increase access to clinical trials; and
- education and training – widen student and trainee experience.

7.4 In order to deliver strengthened clinical outcomes across the new provider, it has been agreed that the development of a Clinical Services Strategy for the new merged organisation will be led by the Trusts working in close collaboration with the Programme Team and the commissioners. Arrangements have been confirmed by the Single Hospital Service Programme Board for the development of the Strategy which includes liaison with Strategy Leads, Medical Directors, Nursing Directors and Chief Operating Officers.

7.5 Given the scale of the overall programme, the approach that has been agreed amongst the Manchester providers is to create the new organisation through two discrete transactions, as follows:

- Project 1: merging UHSM and CMFT to create a new hospital Foundation Trust
- Project 2: transferring NMGH into the new Foundation Trust

The rationale for this approach is driven by the fact that UHSM and CMFT are two free standing Foundation Trusts which can be brought together through a comparatively straight forward transaction. NMGH is one of the four hospital sites operated by the existing Pennine Acute Hospitals NHS Foundation Trust, so bringing NMGH into the new Manchester SHS organisation will require disaggregation of NMGH from the rest of PAHT.

The Strategic Case for the Single Hospital Service has been submitted to NHS Improvement. Additionally, the first stage of the Programme is to secure the complex transaction to merge two Foundation Trusts (UHSM and CMFT). The proposed merger requires clearance from the Competition and Markets Authority (CMA), and the first submission of benefits was made to the CMA on 7th December 2016. The overall benefits of the three pillars of the Locality Plan and of the plan as a whole will be communicated to the regulators.

7.6 Provisionally, and subject to the necessary regulatory stages being successfully completed, it is the intention that the new Trust to be operational in September 2017. Subject to successful stage one merger, the transfer of services from NMGH into the single organisation will take place in 2018.

8.0 North Manchester General Hospital

8.1 The role and nature of services to be provided at the North Manchester General Hospital Site are currently being considered within this wider transformation programme. A plan for the delivery of services from the site is being shaped with a clear vision for North Manchester General Hospital in the future.

8.2 NMGH services are provided as part of hospital and community services from Pennine Acute NHS Trust (PAHT). The recent CQC visit deemed the overall service provision of acute care on the site as inadequate. In particular, it highlighted four fragile services, three of which were in part provided from North Manchester (urgent care, maternity and paediatric services). Whilst some short term interventions have been agreed to make safe the service provision, it is recognised that there needs to be a plan for clinically and financially sustainable services for the longer-term both on the NMGH site and for PAHT services as a whole.

8.3 Since April 2016, the PAHT Trust has been led by a new executive management team led by Sir David Dalton of Salford Royal Hospital NHS Foundation Trust working in partnership with Central Manchester Foundation Trust (CMFT) and other acute providers across Greater Manchester. The

focus of this leadership has been upon stabilisation and addressing the failings identified by the CQC. Additionally the leadership are working within a commissioner led programme of system transformation to determine the future role of PAHT, and particularly NMGH in the context of Manchester's Locality Plan.

8.4 The position of North Manchester General will be closely monitored through an Improvement Board. The support provided by CMFT to the stabilisation of services at North Manchester General Hospital has been an important feature of the progress made since the CQC report, particularly for children's services, maternity services and A&E. This will continue to develop.

8.5 North Manchester CCG is leading the work for the development of a case for change for the North Manchester site. The CCG has commissioned the Transformation Unit within the GM Health and Social Care team to provide programme support to develop the scope for this work for discussion at the January Health and Well-Being Board. The future plans for North Manchester will align with the development of the Local Care Organisation, the Single Hospital System and the PAHT clinical strategy. The re-development of the NMGH site will need a long term strategy to be developed in three phases:

- Development of District General Hospital facilities– 24/7 A&E, Medical Assessment Unit and medical in-patient beds, maternity and children's services, diagnostics, surgery, High Dependency Unit;
- Community health and well-being hub – linking to newly built intermediate care unit, integrated care teams, primary care, mental health, etc
- Surplus site – plans here are less developed but some ideas are emerging about an academic facility, housing options;

8.6 Key to the success of North Manchester will be health and well-being services targeted at the local population of North Manchester and those who access its services and models of care that more appropriately respond to those needs. Proposals will be submitted to the Health and Wellbeing Board and subject to scrutiny through the Health Scrutiny Committee and the involved Ward Councillors.

9.0 Enabler Support

9.1 The Locality Plan cannot be delivered without a significant change in culture and behaviours, both in the workforce and in residents. The desired change is articulated the Our Manchester Strategy, and all partners are realigning their organisational and transformation strategies, in particular their organisational development (OD) strategies, to reflect the Our Manchester objectives. Similarly the communications programme is engaging staff and residents using Our Manchester as a basis for engagement.

9.2 The delivery of the Locality Plan is supported by four enabling programmes: Estates, IM&T, Workforce and Communication. Each of these enabler programmes is being led by a senior leader from one of the partner

organisations and draws upon the expertise and capacity of specialist functions within each partner organisation.

9.3 Enabler programmes have recognised the need to increase their capacity, beyond their business as usual resources, to support the three pillars effectively. The bid to Greater Manchester Transformation Fund reflected this, and the recent award of development funding from GM will support the recruitment of dedicated Locality Plan focused resources to work on the enabling programmes.

In all three work areas listed above, the enabler programmes are expected to bring a high level of specialist expertise to ensure they are offering proactive support and challenging orthodox thinking where appropriate.

9.4 The enabler programmes are also linked in with their GM counterparts, to ensure they can support relevant regional programmes of work and ensure any opportunities arising out of these programmes can be taken advantage of in Manchester.

9. 5 The corporate core functions in MCC are currently reviewing how they will be impacted by the establishment of an LCO and a Single Commissioning Function.