

# HEALTH AND WELLBEING BOARD

20 October 2015

<b>Title:</b>	<b>An Accountable Care Organisation for Barking &amp; Dagenham, Havering, and Redbridge</b>		
<b>Report of the Cabinet Member for Adult Social Care and Health</b>			
<b>Open Report</b>	<b>For Information</b>		
<b>Wards Affected: ALL</b>	<b>Key Decision: NO</b>		
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<b>Sponsor:</b> Anne Bristow, Corporate Director of Adult & Community Services & Deputy Chief Executive			
<b>Summary:</b> <p>Across local health and social care partners, the next few years will bring a combination of financial challenge and rising demand which is without precedent. Managing this situation will require more than the incremental cutting of elements of service. It will require partners to accelerate the work that is currently underway to strengthen prevention and to shift activity into the community and away from expensive hospital and residential care settings.</p> <p>One potential vehicle for achieving this shift in activity is called an 'Accountable Care Organisation'. It is one of the organisational forms which is referred to in the NHS Five-Year Forward View, and would form a vehicle for devolution of responsibility from some central government functions to local areas, in this case the commissioning and management of some NHS services. The principle behind an Accountable Care Organisation is to realign financial incentives so that the system is built around prevention and community support. Potentially, the new organisation would manage urgent and emergency care, other elements of hospital care, primary and community health services, social care and preventive services. All stakeholders in the organisation would be jointly responsible for ensuring that it delivered better outcomes for residents, at reduced cost, removing the incentives in the health and social care system which are currently thought to drive more expensive activity.</p> <p>Barking &amp; Dagenham, Havering and Redbridge are seen as a good candidate for piloting this form of devolution, and have submitted an initial expression of interest in doing the more detailed assessment of whether it forms a viable approach to the managing the demands that lie ahead. This report summarises the current position with respect to the development of a business case for piloting an Accountable Care Organisation for Barking &amp; Dagenham, Havering and Redbridge, including the outline timetable for future</p>			

developments, and some of the background on Accountable Care Organisations generally.

No decision is required of the Board at this stage: the expression of interest commits partners to no more than the development of a business case, upon which a future decision by the Board will be required should it adequately evidence the benefits to be gained through the formation of an Accountable Care Organisation.

### **Recommendation(s)**

Members of the Health and Wellbeing Board are recommended to:

- (i) Note that a proposal has been submitted to NHS England's London regional team to develop a business case for the formation of an Accountable Care Organisation across the Barking & Dagenham, Havering and Redbridge health economy;
- (ii) Note that this will be accompanied by a substantial process of consultation to determine how the Accountable Care Organisation will operate, its governance, the services that will be in scope, and the financial parameters within which it will work

### **Reason(s):**

The development of an Accountable Care Organisation potentially offers an approach to the management of the health and social care system for Barking & Dagenham, Havering and Redbridge over the coming years. It will be a major transformation of how services are planned and delivered. At this stage, this is an expression of interest to undertake the detailed work on whether it could deliver the savings and improved services that are initially promised.

Through the business case development, we would seek to demonstrate the extent to which the Accountable Care Organisation could support the Council to achieve, in particular, the part of its vision relating to the enabling of social responsibility: a shift to greater preventive, community-based and self care would be a critical element of the new approach.

## **1. Background, and work to date**

- 1.1 In the Chair's Report to the last Board, it was noted that the Integrated Care Coalition (a partnership of health and care organisations across Barking & Dagenham, Havering and Redbridge) was considering making a case to NHS England to pilot an 'Accountable Care Organisation'.
- 1.2 On 24 September 2015, a high-level proposal was submitted to NHS England to begin the development of a full business case which aims to demonstrate whether an Accountable Care Organisation could deliver both efficiencies and improved care locally over the coming 3-5 years. This followed an intensive piece of work across the three local authorities, CCGs and health trusts, supported by UCL Partners (our academic health sciences partner), to set an initial scope and vision for the potential Accountable Care Organisation.

## 2. An Accountable Care Organisation

- 2.1 Fundamentally, Accountable Care Organisations (ACOs) are about improving health outcomes and care quality whilst containing costs and improving efficiency. They devolve responsibility for care outcomes from a range of different commissioners and providers into a single organisation which takes end-to-end responsibility for supporting prevention of health problems, intervening early, ensuring high quality managed care is in place, and managing acute hospital care.
- 2.2 The NHS 5-Year Forward View identified three critical system ‘gaps’ that had to be addressed for the NHS and its partners. These were about improving the health and wellbeing of our population; addressing challenges in the quality and consistency of care delivered; and managing the challenging funding and efficiency issues in health and social care. ACOs were referred to in this context as one of the ways in which accountability for health and social care could be better devolved to local areas – and nearer to the ‘front line’ – with the intention of improving efficiency, and ensuring that local areas had better control over health interventions in order to address what mattered locally.
- 2.3 As part of the Government’s approach to devolving power and control to local areas, and ahead of the Comprehensive Spending Review due in the Autumn, bids have been sought from areas with the capacity, history of sound joint working, and the appetite to pilot such new arrangements. Barking & Dagenham, Havering and Redbridge have been identified as one such area and early discussions with NHS England and UCL Partners encouraged the submission of the proposal. In essence, the potential of our bid rests on a number of factors particular to our local area:
- A strong history, through the Integrated Care Coalition in particular, of joint working to address significant health and social care ‘system challenges’;
  - As part of that, a strong sense that the work that we are currently doing within the current framework of health and social care organisations will take us as far as it is possible to go without a more radical change to the relationships between organisations responsible for health and social care locally; and
  - Particularly significant health and care challenges that could be impacted upon by the approach taken by an ACO, particularly the shift in emphasis to greater preventive and community-based care.

### How an Accountable Care Organisation would operate

- 2.4 In essence, the ACO would have a *per capita* budget for the delivery of health and social care for a defined population, in this case the 750,000 people that live in Barking & Dagenham, Havering and Redbridge. The ACO is not a commissioning organisation: it is fundamental to its potential success that it has control over how care is actually delivered for a whole population, and can evaluate the potential of preventive interventions and, in turn, reap the benefits of good community-based care through reducing hospital activity.
- 2.5 The shift in governance, accountability and funding flows is complex and would require considerable detailed work to establish. As with other devolution proposals

across the country, there is also the opportunity to set out at the outset the conditions under which the Integrated Care Coalition considers the ACO to be viable, and this is likely to include a number of 'asks' of the national bodies involved, including up-front investment, freedoms and flexibilities, and the opportunity to work with regulators on new approaches to regulating health and social care services.

- 2.6 No decisions have been made about the services that would be in or out of the ACO. The current working hypothesis is that the core of any approach to an ACO locally would be the urgent and emergency care Vanguard programme, which has recently been given the go-ahead for a transformation of urgent care and which includes health services provided by both BHRUT and NELFT. It is anticipated that Primary care would also be part of any ACO, as the principal healthcare providers outside the hospital setting. From a local authority perspective, adult social care and the bulk of the preventive work undertaken through the Public Health Grant have been considered as a likely starting point for inclusion. It is possible, however, that when the needs of our local population are considered more fully, as part of the development of the business case, then other services such as elements of children's services or housing support may be considered a good fit with the ACO's aims and vision.

### **3. Status of the bid and timelines**

- 3.1 It is important to emphasise that the bid is not, at this stage, looking to develop an Accountable Care Organisation. It is a bid to undertake a 6-9 month piece of work, at the end of which, the case to pilot an Accountable Care Organisation will have been rigorously assessed. During the course of this period, there will be a substantial programme of engagement with health and social care partners, service users/patients, and the general public, to refine the proposal and to ensure that we have a full understanding of the risks as well as the potential benefits for the ACO proposal.
- 3.2 The submission to NHS England is expected to form part of their discussions with the Treasury ahead of the Comprehensive Spending Review. It is expected that resources will be secured to support the business case development, to be matched with 'in kind' staff time contributions from local partners.
- 3.3 Whilst discussions continue with NHS England through October, the formal timelines for the next stages of the bid development are:
- 25 November: announcement of the Comprehensive Spending Review, indicating approval of the development of a business case;
  - Through to Summer 2016: development of the business case and preparation of a series of important decisions on governance arrangements, services to be included, 'asks' from central Government, and the risk/benefit analysis;
  - If agreed, then staged development of the pilot ACO over the course of the three years to 2018/19.
- 3.4 It is also important to emphasise that the ACO development is not the sole mechanism by which the budget challenge can be met in the coming years, and nor can partners wait for it to be introduced before implementing further efficiencies in

the delivery of health and social care. Transformation programmes in adult social care and across health services (the urgent and emergency care Vanguard being a prime example) will need to continue at pace in order to ensure that the efficiencies needed over the coming years are delivered.

**Public Background Papers Used in the Preparation of the Report:**

None