SUMMARY OF REPORT:

The report contains an update on recent developments with the Transformation Fund. This month has an expanded section on the findings and recommendations from the assessment team in their evaluation of the proposals from Healthier Together and Oldham.

KEY MESSAGES:

This report reports on wider updates within the Transformation Fund and contains in detail the findings of the Transformation Fund Oversight Group (TFOG) on 28 June 2017 and the decisions of the Strategic Partnership Board Executive on 12 July 2017, where the Healthier Together and Oldham submissions were considered.

Healthier Together is a clinically led Greater Manchester quality improvement programme. The scope of the wider programme stretches across primary care, integrated care and acute care. The acute element, for which transition funding is being sought, tackles variation in quality in GM A&E, Acute Medicine and General Surgery services.

Oldham’s proposal is a central part of their plans to increase the pace and scale of delivery of their Locality Plan which will close the forecasted financial gap of £70.8m by 2020/21 by supporting people to be more in control of their lives; having a health and social care system that is geared towards wellbeing and the prevention of ill health; providing access to health services at home and in the community; and by providing social care that works with health and voluntary services to support people to look after themselves and each other.

TFOG recommended a substantive investment of £17.2m over five years for Healthier Together, and a substantive investment of £21.3m over four years for Oldham. These funding recommendations were accompanied with material conditions for the funding. Funding for both schemes was approved by SPBE on 12 July 2017.
PURPOSE OF REPORT:

The purpose of the report is to update the Strategic Partnership Board on investment decisions made by the Strategic Partnership Board Executive in relation to the Healthier Together programme and Oldham’s locality proposal. It is also to update the Board on other developments with the Transformation Fund.

RECOMMENDATIONS:

The Strategic Partnership Board is asked to:

- Note the progress update reported on the Transformation Fund:
- Note the Executive’s decision to:
  - Approve a substantive investment of up to £17.2m over five years for Healthier Together:
    - Manchester & Trafford sector: £3.19m
    - North East sector: £1.86m
    - North West sector: £5.26m
    - South East sector: £1.19m
    - NWAS PMO: £250k
    - Potential funding for unmitigated stranded costs of up to £5.5m
    - Noting that there are material conditions to funding, only to be released upon their satisfactory completion. These are set out at 2.3.2.
  - Approve a substantive investment of up to £21.3m for four years for Oldham, phased as follows:
    - 2017/18: £4.65m
    - 2018/19: £10.56m
    - 2019/20: £5.26m
    - 2020/21: £0.85m
    - Noting that there are material conditions to funding, only to be released upon their satisfactory completion. These are set out at 3.3.2.
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1.0 INTRODUCTION

1.1. The GM Transformation Fund (TF) became operational in April 2016 following the successful delegation of transformation responsibilities to the GM Health & Social Care Partnership.

1.2. This paper is written to provide the Strategic Partnership Board (SPB) with an update on recent developments and seek key decisions on the Transformation Fund.

2.0 LOCALITY UPDATE: HEALTHIER TOGETHER

2.1. Background and Context

2.1.1. Healthier Together’s submission to the Transformation Fund has been assessed by a team within the GMHSC Partnership and a Transformation Fund Oversight Group meeting was held on 28 June 2017 to make recommendations to the Strategic Partnership Board Executive.

2.1.2. Healthier Together is a clinically led Greater Manchester quality improvement programme:

2.1.3. The scope of the wider programme stretches across primary care, integrated care and acute care. The acute element, for which transition funding is being sought, tackles variation in quality in GM A&E, Acute Medicine and General Surgery services.

2.1.4. The programme will improve quality in all GM Trusts and for all patients that use GM services (the 2.8m population of GM and patients from surrounding areas).

2.1.5. Following a unanimous decision by GM CCGs to support the implementation of the programme in the autumn of 2014, a judicial review was then successfully defended. Healthier Together initiated implementation in January of this year and is now seeking transition (as well as revenue and capital funding) to support go-lives from October 2017.

2.1.6. In line with the revised assessment approach as agreed at September 2016 SPBE, Healthier Together’s proposal was assessed by a team from the GMHSC Partnership between April and June 2017.
2.2. Findings from the Assessment Team

2.2.1. The proposal asks for a £44.5m investment over 5 years. The breakdown of funding requested can be seen below:

<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>Implementation Costs</td>
<td>1,867</td>
<td>46</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,913</td>
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<tr>
<td>Project Management</td>
<td>2,649</td>
<td>1,254</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,903</td>
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<tr>
<td>Non contracted pay costs</td>
<td>1,626</td>
<td>2,633</td>
<td>1,428</td>
<td>-</td>
<td>-</td>
<td>5,687</td>
</tr>
<tr>
<td>Workforce - Transitional/Realignment</td>
<td>2,808</td>
<td>1,322</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,130</td>
</tr>
<tr>
<td>Stranded Costs</td>
<td>854</td>
<td>11,851</td>
<td>7,913</td>
<td>5,645</td>
<td>839</td>
<td>27,102</td>
</tr>
<tr>
<td>Revenue cost of capital during transition</td>
<td>583</td>
<td>1,208</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,791</td>
</tr>
<tr>
<td>Total</td>
<td>10,387</td>
<td>18,314</td>
<td>9,341</td>
<td>5,645</td>
<td>839</td>
<td>44,525</td>
</tr>
</tbody>
</table>

2.2.2. The overall view from the assessment team is summarised as follows:

- The programme has undergone considerable scrutiny to date, with extensive consultation and refinement of plans over the last few years. As such the plans are mature with good evidence and detail underpinning the proposition.

- There has and continues to be good engagement with the sectors, with the central programme team driving progress, challenging plans - specifically the financials to ensure consistency and economies of scale where appropriate.

- Alignment of HT to the emerging Theme 3 strategy and Single Hospital Service present an opportunity to mitigate a large proportion of stranded costs. Delivering HT is a key enabler for the delivery of the hospital based service strategy under Theme 3.

- Whilst there has been good engagement to date with sectors, we await final commitment from all four sectors to meeting the recurrent costs required to deliver the programme.

- The programme is contingent on other sources of funding being secured, in particular capital and digital funding. GM has been successful in bidding for up to £63m of capital funding from the recent National allocation of £325m STP capital to the DH. However this is dependent on approval of the final HT business case.

- Whilst the longer term benefits of the programme outweigh the costs resulting in a positive NPV overall, there is no demonstrable return on investment within the transformation fund timeframe.

- Securing the workforce remains a significant risk to the programme; failure to recruit to the required numbers will impact on the sector’s ability to deliver the standards. This in turn drives the dependency on agency staffing which needs to be mitigated.
2.2.3. The key points from the discussion at TFOG were as follows:

- A standard approach towards stranded costs has been agreed with the Finance Executive Group to ensure consistency across GM. This is still to be agreed by one of the four GM sectors. There was a question, however, as to whether paying for 75% of the stranded costs was the right thing to do, or whether that was likely to remove incentives.

- There was discussion on recurrent ambulance costs and whether their future consideration needed to be a formal material condition to the funding. It was agreed that the need to revisit the ambulance costs after engaging further with NWAS and commissioners to secure this funding.

- It was emphasised how much of this programme is enabling benefits to be realised from other programmes of work, specifically Theme 3. It was agreed therefore that the programme could not be judged on an ROI figure and needed to be seen in terms of its enabling capabilities.

- There was a challenge on the deliverability of some of the stated outcomes, and it was reported that providers do not see a reduction of admissions as realistic to expect. It was confirmed that the outcomes were taken from the full business case that would be subject to further scrutiny before the final go ahead is given for implementation.

- It was raised whether it was realistic to expect all sectors to have signed up to meeting the recurrent funding by the end of July 2017. It was clarified that it was not the case of going back to the drawing board if sign up was not achieved, but things may commence in the interim on a phased basis whilst agreement was obtained.

- There was discussion of what it would mean if all sectors did not sign up to Healthier Together. It was therefore advocated that the TF proposal would also be split sector by sector going forward to better understand the costs and benefits on a segmented level.

2.3. TFOG Recommendation

2.3.1. Approve a substantive investment of up to £17.2m over 5 years in Healthier Together:

- Manchester & Trafford sector: £3.19m
- North East sector: £1.86m
- North West sector: £5.26m
- South East sector: £1.19m
• NWAS PMO: £250k

• Unmitigated stranded costs of £5.5m

• Additional funding of £5.5m to be provided from GM CCG risk share to support other unmitigated risks.

• Noting that there are material conditions to funding, only to be released upon their satisfactory completion. These are set out at 2.3.2.

2.3.2. There are a number of material conditions attached to the recommendation:

• The proposal needs to be broken down sector by sector and should be presented in this manner going forward.

• Each sector must commit to meeting the recurrent costs of the programme by end July, including ambulance costs, before TF will be released to that sector.

• The programme team shall continue to work with the Theme 3 Lead to develop plans to mitigate all stranded costs.

• Funding from Q3 17/18 onwards shall be predicated on the final decision to award capital funding following the successful bid to the national STP capital fund.

• Further review and benchmarking of Implementation and PMO costs – open book approach to monitoring.

• Review of revenue costs of capital following final business case.

• A review of phasing of commitments given slippage in overall timeline.

• The GM workforce strategy urgently seeks to address the risk associated with recruitment in particular in the NE sector, in addition to a stronger statement of risks overall.

• The need to revisit the ambulance costs following negotiations with commissioners and NWAS.

3.0 LOCALITY UPDATE: OLDHAM

3.1. Background and Context

3.1.1. Oldham’s submission to the Transformation Fund has been assessed by a team within the GMHSC Partnership and a Transformation Fund Oversight Group meeting was held on 28 June 2017 to make recommendations to the Strategic Partnership Board Executive.
3.1.2. Oldham's proposal is a central part of their plans to increase the pace and scale of delivery of their Locality Plan which will close the forecasted financial gap of £70.8m by 2020/21 through:

- Supporting people to be more in control of their lives
- Having a health and social care system that is geared towards wellbeing and the prevention of ill health.
- Providing access to health services at home and in the community
- Providing social care that works with health and voluntary services to support people to look after themselves and each other

3.1.3. The proposal to the Transformation Fund builds on the work undertaken in the locality over the last 4 years to progress their vision around integrated care. Specifically funding is requested for the following schemes:

- Establishing the primary care cluster system across the locality, completing the establishment of integrated health and care teams and creation of single structures at a GP cluster level
- Creating and implementing a more effective urgent and emergency care offer on the Royal Oldham Hospital site
- Oldham’s community re-ablement, rehabilitation and community bed services (including a rapid response facility)
- Oldham’s approach to community resilience, branded as ‘Thriving Communities’

3.1.4. In line with the revised assessment approach as agreed at September 2016 SPBE, Oldham’s proposal was assessed by a team from the GMHSC Partnership between April and June 2017.

3.1.5. An independent assurance is being undertaken by BDO to provide assurance that a transparent process for application and assessment was followed and the findings and recommendations fair, robust and reflective of criteria to access the fund.

3.2. Findings from the Assessment Team

3.2.1. The proposal asks for a £23.2m investment over 5 years which will deliver net cashable savings benefit of £12.9m over the period 2016/17 to 2010/21, and produce recurrent revenue savings of £11m as a contribution to closing the locality gap (100% of the overall 2020/21 gap of £70.8m), leaving a sustainable recurrent financial surplus of £3.3m by 2020/21.

3.2.2. The breakdown of funding requested can be seen below:
3.2.3. The overall view from the assessment team is summarised as follows:

- It is strongly aligned to the GM Strategy, in particular themes 1 and 2 with a strong focus on Primary Care and prevention strategies.

- There is a good level of detail underpinning each of the schemes, reflecting the maturity of the locality in developing their integrated care model.

- The locality has undertaken a significant amount of engagement in developing their integrated care model, particularly with target patient groups.

- The finance information underpinning the costs of each scheme is well defined and supported by clear assumptions. A comprehensive set of benefits have been identified and translated into metrics in a draft investment agreement.

- As schemes have commenced, the locality’s focus has turned to the organisational form and there is a strong concern that this may detract from delivery of the model of care and impede progress.

- There is limited detail in the proposal in respect of workforce development and engagement. Additionally further engagement is required with wider Primary Care providers.

- The locality’s approach to risk management could be strengthened, particularly when considering the implications of organisational form on delivery of the schemes.

- Whilst assumptions on cashability have been agreed with the main providers, the overall financial model for the NES does not yet translate the expected demand reductions into a detailed benefits realisation plan.

- Whilst significant learning and sharing has been undertaken at a NES level, this learning should be extended to other localities, particularly in respect of exploring options for organisational form.

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Total 2016/17</th>
<th>2017/18</th>
<th>2018/19</th>
<th>2019/20</th>
<th>2020/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core and Extended Primary Care</td>
<td>£ 10,219,336</td>
<td>£ -</td>
<td>£ 2,161,996</td>
<td>£ 5,189,466</td>
<td>£ 2,566,641</td>
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<td>Primary Care Front End A&amp;E</td>
<td>£ 4,249,971</td>
<td>£ -</td>
<td>£ 1,528,573</td>
<td>£ 2,542,389</td>
<td>£ 89,504</td>
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<tr>
<td>ACU</td>
<td>£ 691,317</td>
<td>£ -</td>
<td>£ -</td>
<td>£ 691,317</td>
<td>£ -</td>
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<tr>
<td>Community Enablement</td>
<td>£ 2,602,944</td>
<td>£ -</td>
<td>£ 117,486</td>
<td>£ 897,356</td>
<td>£ 1,496,616</td>
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<td>Core programme infrastructure</td>
<td>£ 3,349,496</td>
<td>£ 482,057</td>
<td>£ 846,222</td>
<td>£ 668,504</td>
<td>£ 676,356</td>
</tr>
<tr>
<td>Thriving Communities</td>
<td>£ 2,108,333</td>
<td>£ -</td>
<td>£ 461,133</td>
<td>£ 904,800</td>
<td>£ 742,400</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>£ 23,221,396</strong></td>
<td>£ 482,057</td>
<td>£ 5,115,411</td>
<td>£ 10,893,832</td>
<td>£ 5,571,517</td>
</tr>
</tbody>
</table>
• Plans for evaluation are not yet developed.

3.2.4. The key points from the discussion at TFOG were as follows:

• Oldham’s engagement with Pennine Acute as part of Oldham’s bid was highlighted and the fact that the assumptions around cashability were agreed across all parties.

• The issue of double counting benefits was raised and how the GMHSC Partnership is mitigating against it. There was discussion on it being an ongoing difficult issue and that the benefits of cross-cutting programmes and enablers would need to be carefully considered for this reason.

• There was question of how the locality plans incorporated plans around adult social care. It was noted that the links with adult social care were embedded in each of the schemes but this could have been strengthened in Oldham’s bid.

• It was stated that the investment agreement for Oldham must include the locality’s plans in relation to Mental Health transformation.

• Concerns were raised over Oldham being overly focussed on their future organisational form. It was then revealed that Oldham are to pursue a more straight-forward alliance model for the next two years, which should reassure against this.

• There was a reminder of the need to be conscious of the future of Pennine Acute and how this would impact upon the benefits realisation plans for the NE sector localities.

3.3. TFOG Recommendation

3.3.1. A recommendation for a substantive investment of £21.3m over four years, with phasing to be set out in the Investment Agreement and paid quarterly in advance.

• 2017/18: £4.65m
• 2018/19: £10.56m
• 2019/20: £5.26m
• 2020/21: £0.85m

• Noting that there are material conditions to funding, only to be released upon their satisfactory completion. These are set out at 3.3.2.

3.3.2. There are a number of material conditions attached to the recommendation which should be satisfied prior to signing an investment agreement:
• The locality shall work with PAHT to develop detailed plans to translate the anticipated activity savings into detailed benefits realisation plans, working alongside Bury and Rochdale to ensure consistency in approach.

• There shall be an exchange of letters to confirm that Oldham are to pursue a simpler alliance model for the next two years, before potentially later committing to a preferred option, thereby providing assurance that delivery of schemes in the short term will not be adversely impacted.

• The locality shall liaise with Bury and Rochdale to identify opportunities for economies of scale in relation to programme infrastructure such as OD, comms and PMO staffing.

• The locality’s investment agreement shall include the locality’s plans for mental health transformation.

4.0 LOCALITY UPDATE: BURY

4.1. Bury’s submission to the Transformation Fund has been assessed by a team within the GMHSC Partnership and a Transformation Fund Oversight Group meeting was held on 28 June 2017 to make recommendations to the Strategic Partnership Board Executive.

4.2. The recommendation on Bury’s submission has now been deferred until the Transformation Fund Oversight Group on 24 July 2017, in order to allow further analysis of Bury’s submission. An exec-to-exec meeting was held on 14 July 2017.

5.0 LOCALITY UPDATE: ROCHDALE

5.1. The proposal from Rochdale was received on 31 March 2017 and is currently under assessment from a team from within the GMHSC Partnership.

5.2. To allow more time for the assessment team to complete their evaluation, a Transformation Fund Oversight Group (TFOG) has been scheduled for 24 July 2017 to consider their findings. An exec-to-exec meeting took place on 4 July 2017.

6.0 LOCALITY UPDATE: TRAFFORD

6.1. The proposal from Trafford was received on 30 June 2017 and will be under assessment from a team from within the GMHSC Partnership during July and August 2017.

6.2. A Transformation Fund Oversight Group (TFOG) has been scheduled for 1 September 2017 to consider their findings.
7.0 RECOMMENDATIONS

7.1. The Strategic Partnership Board is asked to:

- Note the progress update reported on the Transformation Fund:
- Note the Executive’s decision to:
  - Approve a substantive investment of £17.2m over five years for Healthier Together:
    - Manchester & Trafford sector: £3.19m
    - North East sector: £1.86m
    - North West sector: £5.26m
    - South East sector: £1.19m
    - NWAS PMO: £250k
    - Potential funding for unmitigated stranded costs of up to £5.5m
    - Noting that there are material conditions to funding, only to be released upon their satisfactory completion. These are set out at 2.3.2.
  - Approve a substantive investment of up to £21.3m for four years for Oldham, phased as follows:
    - 2017/18: £4.65m
    - 2018/19: £10.56m
    - 2019/20: £5.26m
    - 2020/21: £0.85m
    - Noting that there are material conditions to funding, only to be released upon their satisfactory completion. These are set out at 3.3.2.