From: Paul Carter, Leader of the Council and Cabinet Member for Health Reform

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To: County Council, 23 May 2019

Subject: **Kent and Medway Integrated Care System update**

Classification: Unrestricted

Summary:

County Council previously considered the Kent & Medway Sustainability and Transformation Plan (STP) at its meetings in December 2017 where the County Council agreed the framework for further engagement in the STP discussions. However, as the STP is now mandated to transform into an Integrated Care System (ICS) over the next twelve months, the arrangements for the financing, commissioning and delivery of health and social care services across the Kent and Medway area will again increasingly come to the fore. KCC's engagement with the emerging Integrated Care System places it in a strong position to continue to influence and shape these discussions. However, given the potential for the proposals to fundamentally change existing KCC social care budgets, policies and decision-making arrangements, it is important that County Council revisits this discussion, considers the latest national and local policy changes and agrees the arrangements under which the County Council will continue to operate with its Health partners.

Recommendations

The County Council is asked to agree that:

a) KCC describes its relationship with the emerging Integrated Care System as being *partners to the ICS* supporting the vision and direction of travel and not *partners in the ICS.*

b) KCC is not bound to any system wide decisions made through STP/ICS Governance but continues to influence, support and align to the vision for the ICS where it makes sense for the County Council to do so.

c) Consequently, the County Council agrees to delegate the signing of the proposed ICS Memorandum of Understanding to the Leader in his role as Cabinet Member for Health Reform.

1. Introduction

1.1 Full Council last considered the Kent & Medway Sustainability and Transformation Partnership (STP) in December 2017, when it agreed a framework for KCC's engagement with the STP by setting out a series of 'red lines'. For ease of reference these red lines are reproduced at Appendix 1. They were agreed to ensure

KCC adheres to the legal and constitutional requirements on local authorities and ensure KCC did not increase any financial, legal and service risk in an uncontrolled way. The 'red lines' have provided a clear baseline for successful engagement with a complex and challenging health and care system in Kent, and they remain fundamental to the council's future engagement in health reform.

1.2 Since the Partnership was created in 2016 there has been significant progress made in our relationships with Health and KCC has continued to be recognised as an important partner and a welcome contributor to the development of the STP. Over the next twelve months the Kent and Medway STP is required to become an Integrated Care System (ICS), with the arrangements for the decision-making, financing, commissioning and delivery of health and care services coming under review. KCC's broad and deep engagement with the STP places it in a strong position to influence and shape the future structure and priorities for the health and care system in Kent. However, given the potential for the emerging ICS to change how KCC public health and social care services are designed and delivered, it is necessary for Full Council to continue its oversight of this issue and agree the next stage of our work to support the NHS development of an ICS for Kent and Medway.

2. National Context

2.1 Following publication of the *NHS Five-Year Forward View* in late 2014 and the creation of STPs across England, the NHS has been undergoing significant structural and organisational change which attempts to deal with increasing (and increasingly complex) demand for its services and a significant financial deficit, driven largely by a growing and ageing population.

2.2 A new *NHS Long Term Plan* was published in January 2019 setting out key ambitions over the next ten years building on the progress made, and direction of travel set by the *Five-Year Forward View*. Whilst not a plan for the whole health and care system, since the Government's funding settlement excluded public health, social care and NHS education and training, the clear intention is to deconstruct the purchaser/provider split that exists in the NHS and transition to a system focussed on strategic planning and pathway redesign, with NHS commissioners and providers working collaboratively to deliver system-based commissioning and the pooling of budgets (and risk) across local NHS bodies.

2.3 To deliver this there is a requirement for local areas to create one Integrated Care System – which brings together health and care commissioners, providers and GPs into new relationships to create a population-based health system encompassing prevention and care – but which will also encompass local authority services such as public health, adult and children's social care. Each ICS will have one CCG that will become leaner, more strategic organisations that support providers to partner with local government and other community organisations.

2.4 The development of an Integrated Care System for Kent and Medway must be welcomed by the County Council. It would meet the longstanding ambition of KCC to see a single strategic NHS Commissioner working together with KCC as the strategic authority for the county to align our commissioning, and provide a more

structured approach to working with all NHS partners to design and deliver health and care services in a way that enhances the quality of care for our residents, but which also reduces duplication and waste. The development of an ICS and greater use of shared budgets could also support the reprioritisation of resources from acute to primary and community settings, which is vital if we are to deliver more integrated services, more locally, based around multi-disciplinary teams aligned to GP practices.

2.5 However, it is important to note that the changes being proposed through the *Long-Term Plan* are not yet supported by changes in primary legislation (particularly, although not exclusively, the Health and Social Care Act 2012). This makes the development of the ICS and the ending of the commissioner / provider split more challenging, but not impossible. In particular, the current legislation that governs the NHS gives considerable weighting to the individual NHS bodies working autonomously, whilst the Long-Term Plan is dependent on a shift to collaboration between individual institutions within local systems. The NHS is actively lobbying for further changes to the legislative framework to support this shift towards a system-based approach, but a hung Parliament and continued legislative backlog for Brexit related legislation raises concerns as to when new legislation can be agreed. Moreover, it is unlikely that any new legislation would change the statutory duties on local authorities regarding social care.

3. The role of local authorities in developing an ICS

3.1 Notwithstanding the above, there are a number of statutory requirements placed on the local authorities and statutory officers to work in partnership with health services. The Director of Adult Social Services (DASS) is responsible for system leadership, shaping social care and health services and ensuring the sufficiency and sustainability of the social care market through effective commissioning. The Director of Public Health (DPH) is an independent advocate for the health of the population and system leadership for its improvement and protection. Local authorities must provide public health advice to NHS commissioners through the DPH. Under Section 10 of the Children Act 2004 there is a duty on local authorities and named partners, including NHS partners, to cooperate to improve children's wellbeing. The Director for Children's Services (DCS) is responsible for any agreements made under Section 75 of the National Health Service (NHS) Act 2006 between the local authority and NHS relating to children and young people.

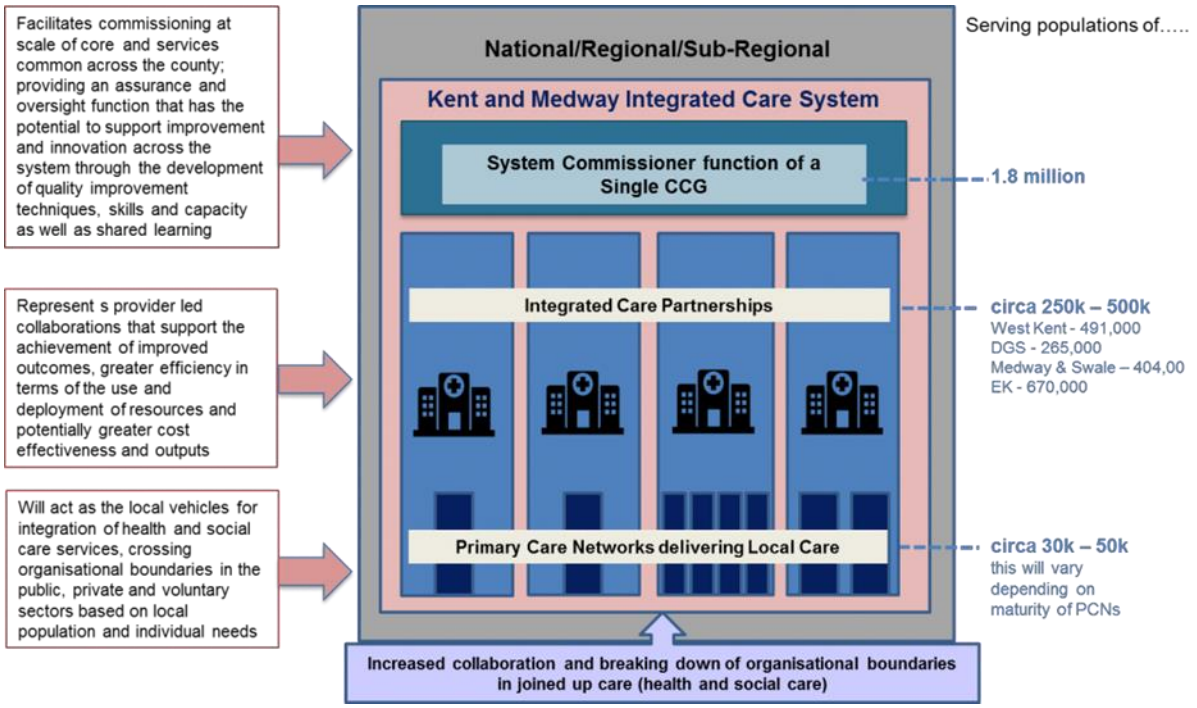
3.2 Given the clear legal duties on local authorities to engage with the NHS, they are recognised in the *Long-Term Plan* as a key partner to delivering the vision of a population-based health and care system, but many barriers remain to achieving this vision, not least the differing operational and legal frameworks between NHS and local authorities, and the continuing financial imbalance in resources between the NHS and social care. When agreeing the NHS' funding settlement the Government committed to ensure that adult social care funding is such that it does not impose any additional pressure on the NHS over the coming five years. The NHS funding settlement of 3.4% uplift (£20bn over 5 years) announced last Autumn has not yet been mirrored for social care or public health.

3.3 The Long-Term Plan also sets out how the additional money will be focused on developing primary medical and community health services, and into a host of clinical priorities (especially mental health). As such, the NHS uplift is largely already accounted for, and the Government Spending Review is now expected to only cover one year rather than five so it is not clear how social care will be sustainably funded to ensure it does not impact on the NHS. The failure of the Government to set out a long-term and sustainable funding solution for adult social care through the much-delayed Green Paper remains a significant risk.

4. The outline ICS structure in Kent and Medway

4.1 Figure 1 outlines the "end state" for a Kent & Medway System Commissioner and Integrated Care System.

Figure 1: Kent and Medway Integrated Care System architecture including Integrated Care Partnerships & Primary Care Networks

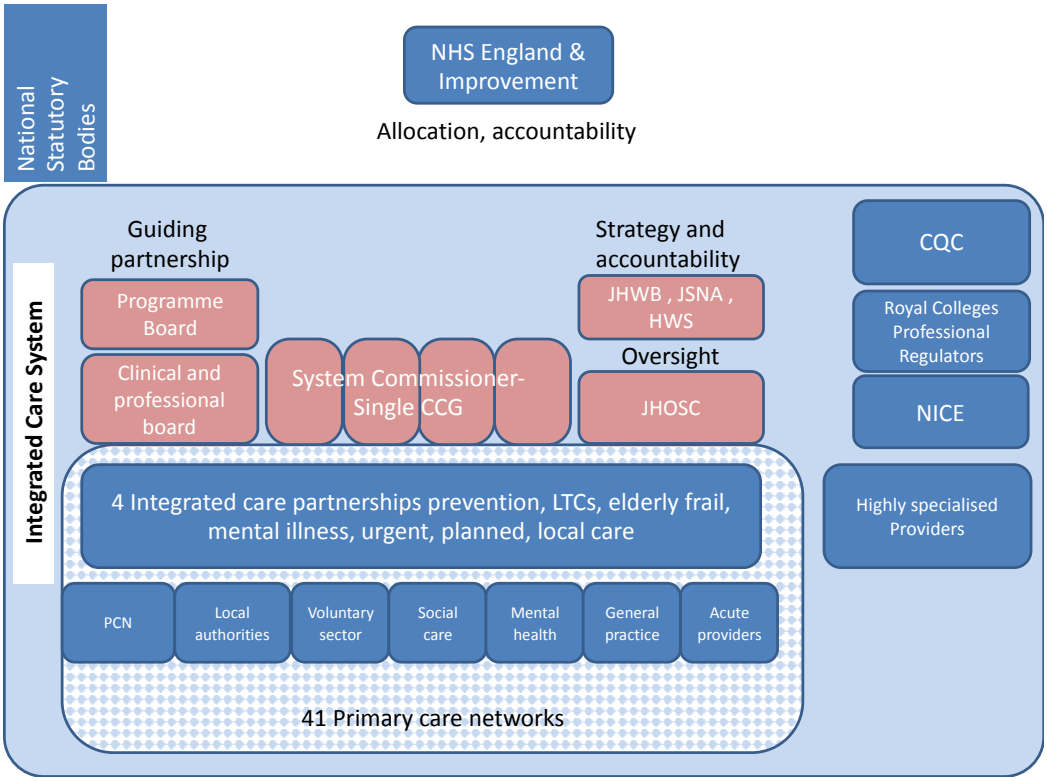


4.2 The model has a number of key components:

- A single system commissioner, delivered through the establishment of a single Kent and Medway CCG covering a population of circa 1.8 million (i.e. the number of people registered with our GP practices)
- Four integrated care partnerships, that integrate the delivery of care operating across populations of around 250,000 to 700,000:
    - East Kent Integrated Care Partnership
    - Dartford, Gravesham and Swanley Integrated Care Partnership
    - Medway and Swale Integrated Care Partnership
    - West Kent Integrated Care Partnership

- Primary care networks, as outlined in the NHS Long Plan and enabled through the new GP contract, which support delivery of primary care at scale, including local care (Currently between 41-45 potential PCNs).

4.3 The above components come together, with other elements, to form the Kent and Medway ICS. However, the ICS also operates within a wider context (e.g. the regulatory framework) and this is shown diagrammatically below:



4.4 Kent and Medway STP is planning for the System Commissioner function to be in place by 2020 followed by an expectation that the ICS and ICPs will be maturing and embedding up to 2022. This means the eight Kent and Medway CCGs moving to some form that is recognised by NHS England/Improvement as one CCG for the whole of Kent and Medway. In the absence of the delayed Social Care Green Paper, KCC must carefully consider how it interacts at all levels with the emerging ICS structure before it is fixed, particularly at System Commissioner and at PCN/Local care level where most of our activity with health partners is concentrated.

4.5 To date Adult Social Care and Health Directorate has experienced the greatest impact of the STP Programme where focus has been on the elderly and frail population who use the most NHS resources. The ASCH restructure has redefined pathways for service users to enable seamless service delivery and support opportunities for collaborative working and is supporting the implementation of multi-disciplinary teams across the County which will be a significant enabler for Local Care and PCNs to work in a joined-up way around an individual. Senior leaders are also attending meetings with NHS providers to discuss the role of the ICPs and how

Providers should and can align to planned delivery at place level to improve outcomes.

4.6 Recently the STP have agreed that children's services and mental health services need to be prioritised in line with the requirements of the Long-Term Plan and this will require additional Council input to ensure the needs of people who use our services are understood, planned for and commissioned as part of any clinical pathway development.

5. A Partner *to,* rather than Partner *in* the ICS

5.1 Language suggesting full integration between Health and Social Care has been tempered since publication of the 5-*Year Forward View*, but local approaches to bringing together health and social care budgets, commissioning and services continue to be encouraged by Government and NHS England. However, with STPs and ICSs not yet having a basis in law and no confirmed publication date for the Social Care Green Paper, considerable care needs to be taken in regard to the practical implications of the development of ICSs given the profound differences between local government and the NHS on governance, funding and lines of accountability.

5.2 There are many variations of what health and care integration means across the country, most include some delegation of workforce and transfer of funding but not wholesale integration. So, whilst many councils and NHS bodies are working jointly and collaboratively, local authorities continue to maintain their independence so as to be able to discharge their broad and wide-ranging statutory responsibilities, maintain internal control, deliver annually balanced budgets and manage financial risk accordingly.

5.3 This is supported by early work done in pilot (accelerated) ICS areas where a Memorandum of Understanding (MoU) was required by NHS England to be signed by all partners, despite the MoU having no legal status. Some local authorities agreed to sign the MoU as **partners to** their STP, recognising the vision and direction of travel and indicating a willingness to support the aims and objectives of the partnership whilst ensuring the sovereignty of their own organisation. NHS organisations signed up as **partners in** their STP, thereby agreeing a system wide budget control total and some control and governance from their STP.

5.5 KCC has been asked to sign a Memorandum of Understanding (MoU) for all STP partners to confirm development of an ICS for Kent and Medway. Whilst an MoU has no status in law and the wording of the MOU makes it clear that KCC would be agreeing to supporting the direction of travel of ICS development, not the detail of system changes which are yet to be decided, it is important that Full Council agrees the approach being taken by KCC.

5.6 Both the Cabinet Member and the Corporate Management Team (CMT) have carefully considered the issue, which represents a significant increase in effort and resources focused on the integration agenda. It is recognised that if KCC is to continue to influence and have strong relationships with the NHS in Kent and

Medway as it becomes an ICS, then it must engage fully at each of the three levels at which the ICS is being developed, which are:

- **ICS/System Commissioner**: Whole population focus. For the Local Authority this is where most of the commissioning is planned - once and at scale for the whole county. Where it makes sense to enter into pooled budget arrangements and alliance agreements they would be agreed at this level and there would be oversight of the whole system.
- **Integrated Care Partnerships:** Place based working for a local population. Where it makes sense to do so there may be delivery for some community provision to be aligned to NHS Providers joining up in an ICP.
- **Primary Care Networks/Local Care:** Person centred with continuing development of Multi-Disciplinary Teams, that include social care staff and a shift of care out of hospital into communities which would involve social care staff and providers, including Care Navigators to support social prescribing required in the Long-Term Plan.

5.7 Not only will this engagement provide democratic oversight into changes that will significantly affect Kent's residents and communities, but it will also ensure that any proposed operational redesign can work with our services to improve the offer, quality and experience for those residents needing health and care services. In agreeing the MOU (to be signed by the Leader in his role as Cabinet Member for Health Reform), the distinction between a council being a partner *to*, rather than a partner *in*, the emerging ICS for Kent and Medway is an important principle that KCC supports alongside the previously published 'red lines' in order to protect its position and manage risk appropriately.

5.8 As progress is made on the development of the ICS for Kent and Medway, it will also be important to ensure that all Members remain sighted on progress at each of the three levels at which the ICS is being developed. As such, alongside further papers to Full Council when appropriate, specific papers on health and care matters will be considered on a frequent basis by the relevant Cabinet Committees.

Recommendations:

The County Council is asked to agree that:

a) KCC describes its relationship with the emerging Integrated Care System as being *partners to the ICS* supporting the vision and direction of travel and not *partners in the ICS.*

b) KCC is not bound to any system wide decisions made through STP/ICS Governance but continues to influence, support and align to the vision for the ICS where it makes sense for the County Council to do so.

c) Consequently, the County Council agrees to delegate the signing of the proposed ICS Memorandum of Understanding to the Leader in his role as Cabinet Member for Health Reform.

Appendices:

- Appendix 1: KCC 'red lines' agreed at Full Council – 7th December 2018

Background Documents:

- KCC engagement with the Kent & Medway NHS Sustainability and Transformation Plan, County Council, 7th December 2017 available at http://kcc-app610:9070/documents/s81453/STP%20Governance%20Report%20-%20Final.pdf

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Appendix 1: KCC 'red lines' agreed at Full Council – 7th December 2018

- Engagement with the STP in and of itself does not confer or imply KCC support for proposals which may emerge from STP discussions;
- An agreement made at any STP board or workstream is 'in principle' only irrespective of who is the lead for KCC, until such agreement is confirmed through the necessary key or significant decision-making process of the County Council;
- That proposals emerging from the STP which directly impact KCC services or budgets are underpinned by sound business cases reflecting the principles set out within HM Treasury Green Book;
- That the financial case for proposals does not risk the County Council's ability to set a legal and balanced budget, as may be determined by the Section 151 Officer;
- That the proposals do not weaken or limit the council's ability to discharge its wider statutory duties, including but not exclusively around the Care Act and its statutory safeguarding responsibilities. This includes the ability of KCC statutory officers and Members to effectively discharge their statutory duties;
- That KCC social care monies should only be spent on meeting social care needs and should only be spent within the KCC administrative area. Clear line of sight of how and where KCC monies are spent must be maintained in any joint arrangements;
- That appropriate exit arrangements from any shared or joint arrangements are in place before the Council enters into, or operates within, joint arrangements.