NHS
Tees Valley
Clinical Commissioning Group

Tees Valley CCGs' Merger Update

1.0 Purpose of the Report

The purpose of this report is to share the rationale for the merger of Darlington CCG, Hartlepool and Stockton-on-Tees CCG and South Tees CCG to create Tees Valley CCG; the approach to implementation and the benefits realised from the merger. This paper reflects on the plan six months post-merger, as reported to the CCG executive committee and will be updated in March 2021 in readiness for the final submission to NHSE/I in April.

2.0 Background to the Merger

NHS Tees Valley CCG was formed on 1st April 2020, following the merger of Darlington CCG, Hartlepool and Stockton-on-Tees CCG and South Tees CCG.

2.1 Previous collaboration

Substantial work had already been undertaken prior to the merger to build on the solid foundations of collaborative working across the County Durham and Tees Valley localities.

Given that the requirements of the Long Term Plan are to have fewer more 'strategic' commissioning organisations, a reduction in running costs by at least 20%, a need to focus on transforming services across providers to provide better outcomes for patients and to reduce inequality, the CCG Governing Bodies requested that they considered the potential additional benefits and the challenges of merging organisations to create a new CCG with a broader geographical reach.

2.2 Equality Impact Assessment

A detailed assessment of the impact of the proposed changes on those groups with protected characteristics was undertaken and in all cases these indicated that the merger would have a neutral or positive impact on local populations. It is worth reiterating that the merger of CCGs was an administrative arrangement and was not about making changes to clinical pathways.

2.3 Outcomes of the Communication and Engagement process

The overwhelming response from the engagement process was positive with all partners, stakeholders and the public recognising the challenges of working efficiently and the need to direct as much resource as possible towards patient care.

However, there was a very strong theme throughout all feedback in relation to providing clarity on how a local focus would be maintained.

2.4 Guiding principles

The three Governing Bodies of the former CCGs were clear that any change must ensure that:

- Quality and safety of patient services remains a key priority focus, with no detrimental impact arising as a result of the changed structures;
- There is a balance of benefits between commissioning at scale, with understanding local needs;
- The focus on local work with primary care practice networks, local authorities and others is retained and remains a priority;
- Strong clinical leadership both within the CCGs and the local system is supported;
- A greater level of management efficiency can be delivered so that funding can be directed to patient care;
- Staff are not distracted from delivery of our key priorities, including transformation of clinical pathways and the development of local primary care networks;
- Any changes are fit for purpose in the longer term, supporting the team to work effectively with partners while ensuring the CCGs have a strengthened voice in system decision making.

3.0 Anticipated benefits of merging

3.1 Improving services for patients

The intention was to create a stronger, clearer and more consistent commissioning 'voice' for the area, built on the strong foundations of network-based, clinically-led commissioning, and drive forward the changes needed to deliver the resilient and sustainable NHS services that local people need.

The ability to pool resources and provide an element of cross cover for the teams is a benefit that had not been available previously. Staff would be able to support each other and work collaboratively on issues such as policy development and strategy. Implementation would still happen at a local level with the relevant local authority where required.

Work to support the residential and nursing home sector had been coordinated at a former CCG level. There were now opportunities to learn from the successes in each part of the collaboration and to share resources and staff skills and knowledge across the new CCG.

In addition, by consolidating decision making, it should be easier to better drive quality and focus on the important issues, working together to solve them.

3.2 Financial stability and sustainability

The aim was to achieve financial sustainability. At the end of the financial year 2018/19 the Tees Valley health economy was challenged as a whole, including providers and commissioners.

Maintaining three separate statutory bodies was difficult to justify when there was so much pressure on health spending, and each statutory body had an element of their running costs that could only be reduced if they merged. The intention was to minimise the administrative burden that comes from running separate statutory organisations.

3.3 One commissioning voice

Retaining the shared management structure was intended to help ensure a coherent and streamlined approach to commissioning across the CCGs wherever possible, while ensuring that the local place-based focus was not diminished. It would also significantly increase the CCGs' ability to transform pathways for the broader population, particularly across locally linked providers.

As one organisation, the ability to further develop collaborative working would be more effective and streamlined with the Commissioning Support Unit, CCGs and providers across the CNE Integrated Care System

3.4 Maintaining a local focus

There was recognition that partners have been supportive of collaborative arrangements but had stressed the importance of ensuring the maintenance of a place-based focus.

The benefits of bringing organisations together and working across a wider geography will also be realised through Primary Care. The term 'working at scale' is described in NHS England's General Practice Forward View (April 2016) and with the introduction of Primary Care Networks working across CCG boundaries, will enable not only organisational benefits but benefits that working at scale can provide to patients, GP practices, and the health care system as a whole.

3.5 Valuing and developing our staff

The CCGs' biggest asset is the workforce and the aim was to make the new CCG a great place to work where staff experience is positive, and the best is made of the use of skills and expertise.

The breaking down of organisational boundaries and the development of a shared vision would help develop a talent pool and support our staff development more easily through our shared management structure.

4.0 Implementation of the Merger

4.1 Project structure

The merger was successfully delivered by the establishment of a project team and a robust project plan to deliver the required activities associated with a merger of the organisations.

The plan set out the key leadership arrangements and responsibilities, the governance arrangements to ensure the project plan was effectively monitored and delivered in a timely and effective way, the steps required to disestablish the existing CCGs and establish a new CCG by 1st April 2020.

A detailed work programme was established that mapped out the key work-streams and the required milestones for the application process and the establishment of the new organisation within the timescales.

4.2 Risk management

All key risks associated with the merger itself were identified and were captured within the project risk register.

Key risks identified during the planning process included, the potential for distraction from delivery of the key CCG priorities; our ability to create a new healthy culture within the new CCGs and delivery of the key benefits, including financial, that were expected form the merger proposals.

4.3 Management of challenges

No change is without its challenges and risk, and throughout the engagement process a number of challenges were captured and managed throughout the merger process.

Engagement with members and partners continued throughout the merger process to ensure effective management and decision making .Primary Care Networks, the work in Integrated Care Partnerships and system working with local authority partners during the pandemic has supported an even greater level of involvement as we have worked more effectively together with a common aim and a focus on improving outcomes for our population.

There has continued to be a significant clinical presence within the CCG, and representation from the GPs serving the populations across the whole geography has been critical to retaining that local focus.

To maintain and strengthen the successful techniques in place in the former CCGs to engage effectively with our local population, a communication and engagement plan was developed to ensure clarity about the actions that needed to take place to maintain engagement throughout the merger process. In addition, each former CCG had a communication and engagement strategy and a clear action plan in place for ongoing engagement work and as part of the merger process they reviewed the approaches and strengthened capacity and capability within the CCG, developing a robust and experienced team to ensure the desired outcomes are successfully delivered.

Whilst streamlining financial management and governance processes there was a potential to create greater complexity in financial planning while striving to take local needs and priorities into account. However, the experienced Chief Financial Officers, and the internal and commissioning support teams, were fully focused on delivery of sustained financial health across the CCGs which delivers the commissioning aspiration and the requirements of the system.

During and post- merger, the CCG communicated regularly with the staff to minimise any staff uncertainty and disruption and we are now seeing the benefits gained of sharing expertise and opportunities for greater learning, team support and development. The CCG developed a Human Resource and Organisational Development plan that has supported the work to bring cultures together and has helped staff to positively manage the change.

4.4 Key activities associated with the merger

Key activities, following approval of the merger, included the ongoing communication and engagement of members, partners, stakeholders, public and staff; the development and approval of a new constitution for the CCG, the agreement of the Governing Body’s membership; the Transfer of Undertakings and Protection of Employment (TUPE) of staff, the transfer of estates and assets

and novation of contracts, key financial processes that closed down the previous CCGs and set up the new financial ledger and associated processes.

5.0 Benefits of the Merger

5.1 The merger of the CCGs in the Tees Valley has meant that:

- The CCG boundary is co-terminus with the Integrated Care Partnership (ICP) boundary and the Tees Valley Combined Authority.
- The CCG boundary is co-terminus with the 5 unitary Local Authorities in the Tees Valley
- A single CCG has ensured consistency of approach for the ICP Clinical Strategy
- Simplification of partnership approaches by working to one CCG agenda, priorities and approach.
- A co-ordinated strategy for health improvement across the Tees Valley with unitary Local Authorities continuing to tackle issues and inequalities in communities across the area.
- A single health commissioner ensuring a consistency of approach across the Tees Valley area, which matches the majority of our patient service pathways and local provision.

A full benefits realisation dependency map and a benefits realisation plan was created to understand the dependencies between our vision for patient services and the benefits and outcomes of the merger.

5.2 The changes the merger was expected to create were:

- A stronger, clearer and more consistent commissioning voice for our area, building on the strong foundations of locality-based GP-led commissioning and be more able to deliver the resilient and sustainable NHS services that local people need.
- Enhanced ability to transform patient pathways across locally linked providers, which will help us to address health inequalities.
- Opportunities to eliminate the significant administrative burden that comes from running five statutory organisations. Operating more streamlined corporate functions would enable us to focus more of our people and resources on delivering improved services and better patient experience.

5.3 The key outcomes from the change included:

- Improved health and wellbeing of Tees population whilst retaining local patient focus
- Additional availability of resource for healthcare and improved patient outcomes
- Improved collaborative working, team satisfaction and communication between staff and stakeholders
- Reduced financial and corporate risk. Improved control. Increased power of negotiation / influence
- Tranche of the Long Term Plan priorities delivered

5.4 Financial considerations

A 5 year financial plan was developed for the proposed new Tees Valley CCG based on the three previous CCGs' allocations, priorities and commissioning plans. This plan addressed the very

challenging financial position. The coming together of the CCGs has supported improved risk management and greater stability.

The former CCGs who formed the most substantial part of the Integrated Care Partnership in the Tees Valley worked closely with providers and developed an ICP level plan to ensure improved financial health and sustainability in the next 5 years. This work has been continued and developed during and post-merger.

Each year, NHS England sets out their mandate for the coming year, and proposed financial plans are adjusted accordingly. The financial plans in August 2019 were based on a series of assumptions, and NHS England confirmed in August 2019 that as allocations had already been set nationally, that a new CCG would receive the aggregate value of the allocations already communicated to Darlington CCG, Hartlepool and Stockton-on-Tees CCG and South Tees CCG. This ensured that there was no negative impact of the merger on financial stability and sustainability for the CCG and the potential for improved management of financial risk was strengthened.

All CCGs nationally were required to deliver a minimum of 20% efficiency in running cost allowance by 2020. The close collaboration of the CCGs up to August 2019, together with the merger of the three organisations put the CCG in a very strong position to fully realise the requirement, despite the one off costs of merger.

6.0 Supporting Place Based Approaches in Tees Valley

6.1 Context

Prior to the merger, whilst changes had already been implemented to facilitate collaborative working and improve management efficiency, every effort had been made to retain a strong focus on local communities working in partnership with Local Authority partners and providers to ensure that the needs and priorities of local people were addressed and delivery of the services and outcomes set out in the NHS Long Term Plan such as Primary Care Networks.

Engagement feedback during the merger proposals was supportive of the change, recognising the opportunity for greater efficiency and maximising resources to front line services, however many respondents highlighted their views on the importance of ‘place’ and the avoidance of remote working that does not take into account the needs of local people or the importance of partnership working.

Prior to, and since the merger the CCG is committed to continuing and developing further to support a continued robust and inclusive local focus.

Individual ‘place’ based plans have been developed together that articulate collective priorities as commissioners (both health and social care) and providers within the Tees Valley. A single CCG across the Tees Valley has built on collaborative arrangements, providing opportunities for the CCG and partners for shared learning, accountability and consistency of approach where this reflects the needs and priorities of local communities.

While recognising that each Borough has its unique features and individual priorities, despite common challenges, the CCG continues to play an active ‘shared leadership’ role in statutory

partnership meetings such as Health and Well Being Boards, safety partnerships, and Safeguarding Boards and their supporting commissioning, stakeholder and partnership forums.

The CCG also continues to support the local partnership arrangements within each of our Boroughs as they look to develop further work together to address local needs and priorities.

6.2 CCG Governance

The creation of a new CCG required the development of a new Constitution which is a key document that describes how the CCG discharges its functions and those of its Governing Body, its process for decision making (including arrangements for ensuring openness and transparency) and the process for managing conflicts of interest.

The practices within NHS Tees Valley CCG boundary are its Members who are responsible for certain statutory functions and hold the Governing Body to account for those duties delegated to it. The CCG has a new Governing Body reflective of its Membership and local communities, including a lay member for Public and Patient Involvement.

6.3 Organisational Structure

The management team across the CCG has given greater levels of economy, opportunities for improved efficiency (reducing internal meetings and statutory functions e.g. production of accounts, annual reports etc.) and sharing of expertise and capacity.

The senior management roles within the organisation, alongside the chief officer, include a named ‘Locality Director’ for each of the 5 local authority areas responsible for partnership working with local key stakeholders e.g. LAs, and a remit to explore and support greater levels of integration where this will improve pathways and patient services. The role of Locality Director is integral to the role of existing directors.

In addition to the senior team, Tees Valley CCG has continued to employ a number of junior and middle management staff that continue to work in the localities, and a strong corporate services function provides support to locally based meetings and processes.

6.4 Ensuring ongoing Patient and Public Engagement

A mixture of approaches and structures existed across the three CCGs involved in the merger to connect with practice patient groups, voluntary and community sector (VCS) organisations or out to the patients and public more widely.

The CCG has brought together the learning and good practice from across these areas to provide a strengthened offer around the day to day and targeted engagement activities and recognised the need to provide internal and external colleagues with a clear and identifiable point of contact; improved internal communication and engagement, including with CCG members; the provision of timely feedback online following engagement. Consequently, the CCG has recently recruited a Communications and Engagement Officer to support the ongoing patient and public engagement. There is also now a single website which provides a simpler and more efficient method for information to be managed and updated.

7. Benefits realisation

A Benefits Realisation Plan (BRP) was produced in August 2019 and formed part of the September 2019 merger application. At that time, the CCGs were operating with a single Accountable Officer and shared management arrangements and it was expected that these arrangements would continue to be in place post-merger. Towards the end of 2019, a more localised leadership approach was decided upon and, inevitably, has had some impact on the benefits initially identified.

In addition, the Covid-19 Pandemic began to take a real hold on the system in March 2020; shifting focus from 'business as usual' to operating in a command and control environment that required diversion of resources across the system, both financial and staffing. The approach to managing the pandemic, including changes in working arrangements and the resetting of the system to maximise innovation and system-working has also resulted in a blurring of why and how benefits have been derived.

7.1 Summary of benefits identified

Section 7.2 below illustrates an approximate quantification of the benefits realised either through the merger itself or the collaborative working arrangements leading up to the merger.

The five benefit outcome themes are shown below, with a summary of the benefits that were aligned to each theme. A number of benefits apply to multiple themes.

7.1.1 **Improved health and wellbeing of Tees Valley / County Durham populations whilst retaining local patient focus** – there were 4 benefits aligned to this outcome. These were:

- single commissioner for providers to work with (achieved);
- standardised care pathways whilst retaining a local focus (ongoing);
- increased clinical focus (partially achieved through redesign of Governing Body and, in Tees Valley, realignment of Executive GP roles; clinical leadership review is underway) and
- working towards the priorities of the Long Term Plan, by ensuring alignment with ICP and establishment of Primary Care Networks (immediate benefits realised).

7.1.2 **Additional availability of resource for healthcare and improved patient outcomes** – there were 5 benefits aligned to this outcome. These were:

- Creation of single staffing structure for Durham and Tees Valley, facilitating an embedded approach to talent management and career development of staff with the aim of increased retention and staff satisfaction. (Partially achieved - although the single staffing structure was superseded, the benefits relating to talent management and organisational development are being progressed. Some financial efficiencies have also been realised, although some of these were achieved through collaborative working in the run-up to merger).
- Consolidated Governing Body Meetings and Committees across the Tees Valley and Durham (Achieved prior to merger as a result of collaborative working)
- Reducing the number of websites from 5 to 2 (Achieved)
- Centralisation of contact points and processes for external stakeholders eg media, MP queries, Freedom of Information requests (achieved)
- Single Commissioner for providers to work with (achieved, as above)

7.1.**3 Improved collaborative working, team satisfaction and communication between staff & stakeholders**. There were 11 benefits aligned to this outcome. These were:

- Rationalisation of estates (achieved).
- Creation of single staffing structure for Durham and Tees Valley, facilitating an embedded approach to talent management and career development of staff with the aim of increased retention and staff satisfaction. (Partially achieved as outlined above)
- Consolidated Governing Body Meetings and Committees across the Tees Valley and Durham (Achieved as outlined above)
- Single Commissioner for providers to work with (Achieved as outlined above)
- Reduction in websites (Achieved, as outlined above)
- Centralisation of contact points and processes (Achieved, as outlined above)
- Reduction in print and communications expenses (Achieved, but also influenced by Covid-19)
- Reduced volume of staff surveys (Achieved)
- Standardised care pathways while retaining local focus (Achieved as outlined above)
- Increased clinical focus (Achieved as outlined above)
- Working towards priorities of Long Term Plan (Achieved as outlined above)

7.1.4 **Reduced financial & corporate risk. Improved control. Increased power of negotiation / influence**. There were 14 benefits aligned to this outcome. These were:

- Rationalisation of estates (achieved).
- Travel costs for staff working across Tees Valley & Durham through the usage of digital technology (Achieved, however, this cannot be wholly attributed to the merger as the Pandemic has had a significant contribution to the achievement of this benefit).
- Creation of single staffing structure for Durham and Tees Valley, facilitating an embedded approach to talent management and career development of staff with the aim of increased retention and staff satisfaction. (Partially achieved as outlined above)
- Consolidated Governing Body Meetings and Committees across the Tees Valley and Durham (Achieved)
- Single Commissioner for providers to work with (Achieved as outlined above)
- Reduction in websites (Achieved, as outlined above)
- Centralisation of contact points and processes (Achieved, as outlined above)
- Reduction in print and communications expenses (Achieved, but also influenced by Covid-19)
- Reduced accreditation costs (limited requirement/opportunity to progress this – any cost saving would be minimal)
- Reduced audit costs (achieved)
- Reduced non-pay costs (achieved through NECS SLA)
- Reduced volume of staff surveys (achieved)
- Reduced number of statutory returns (partially achieved – this will be wholly achieved from this year)
- Greater financial stability (the merger of the 3 Tees Valley CCGs has resulted in a combined cumulative surplus position for the merged CCG which has improved the collective position of the 3 former CCGs (with one being in cumulative deficit).

7.1.5 **Tranche of the Long Term Plan priorities delivered - There were 4 benefits aligned to this outcome**. These were:

- Travel costs for staff working across Tees Valley & Durham through the usage of digital technology (achieved – as above)
- Creation of single staffing structure for Durham and Tees Valley, facilitating an embedded approach to talent management and career development of staff with the aim of increased retention and staff satisfaction. (Partially achieved as outlined above)
- Consolidated Governing Body Meetings and Committees across the Tees Valley and Durham (achieved as above)
- Increased clinical focus (partially achieved as above)

The above summary demonstrates that the majority of benefits have either already been realised or are partially realised.

7.2. Quantification of benefits

Some of the benefits were derived from the merger itself or the collaborative working leading up to it. Others were of a more qualitative nature.

7.2.1 . Qualitative benefits:

It was always recognised that by working as a single CCG it would be possible to take a more strategic approach to the improvement of the health, care and safeguarding of our population where it made sense to do so, whilst also working with our Local Authorities to ensure maintenance of an appropriate localised approach. This key benefit came to the fore as the CCG continues to work closely with all partners in response to the Covid-19 pandemic; a single management structure and the enhanced ability to be agile in decision making and responsiveness has been crucial.

A further intended qualitative benefit was the benefit to staff; removing organisational boundaries to create a wider talent pool that would allow staff greater flexibility to progress, develop and use their skills in more challenging and interesting ways as well as, ultimately, providing greater opportunities for vertical and horizontal progression in the new organisation. This is something being actively pursued and involvement in a talent management programme will contribute to this.

7.2.2. Quantifiable benefits

Benefit	Realisation
Estates rationalisation	c£200k
Travel	Unable to quantify as savings made will be almost wholly attributable to revised ways of working due to Covid-19.
Staffing	c£700k – collaborative working c£160k – merger
Audit savings	c£20k
Non-pay savings	Contributed to 12% reduction in SLA costs with NECS.
Meeting reduction	An approximate reduction of 60 formal meetings per year – achieved as a result of increased collaborative working prior to merger.
Reduction in statutory returns	A conservative estimate is a reduction from at least 39 to 13 returns (this is the number of type of returns multiplied by 3 – the figure would be significantly increased if also multiplied by the frequency of the return, eg. monthly/ quarterly etc)

The Plan continues to be monitored, with a final update to be produced in March 2021.

8.0 Summary

The report has shared the rationale for the merger, developed in August 2019, our approach to implementation or the merger and benefits realisation.

David Gallagher

Chief Officer

01 February 2021