Inspiring healthier communities together

Aligned incentive contracts are designed to deliver more effective system-wide working and provide a contractual basis for integrated care. Andrew Monahan looks at how this is developing in West Sussex

The ***NHS efficiency map*** is designed to help NHS organisations deliver their savings plans. One way is by sharing good practice – in this case, accessing the joint benefits available through the introduction of an aligned incentive contract (AIC).

Coastal West Sussex CCG serves a population of around 482,000 people and is made up of 47 GP practices across six localities. Like most CCGs, they work closely with a range of local NHS providers, one of which is Western Sussex Hospitals NHS Trust (WSHFT).

WSHFT serves a population of around 450,000, via three hospital sites, across a catchment area covering most of West Sussex. Its annual report and accounts for 2017/18 show total income of £437m and an average number of employees of 6,607 (based on whole-time equivalents).

Like many health economies, the CCG and WSHFT had identified a number of serious risks for their local system during the planning process for 2017/18. These included:

- A challenged financial position for the CCG, requiring in-year QIPP savings of £34.1m
- Higher than planned demand driving a potentially significant affordability gap
- Subsequent risk to WSHFT achieving their control total and accessing sustainability and transformation funding
- Too much focus on transactions and contractual relationships, not in line with the development of local plans for an integrated care partnership.

Executive teams from both of the organisations agreed that the system must better align the priorities and incentives of both parties in order to mitigate against these risks. This would allow them to make more efficient use of the capabilities of each organisation, drive down system costs and reduce any existing disincentives to do the right thing for patients and taxpayers.

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Aligned objectives

Having agreed about the need for an AIC, the planning process quickly focused on the delivery of integrated care across the system in order to achieve the required in-year savings underpinning the cost improvement programme for WSHFT and the delivery of QIPP for the CCG.

The objectives and key principles that drive the partnership's single plan for 'inspiring healthier communities together' are probably best portrayed by the memorandum of understanding between the organisations (**figure 1**).

Following the agreement of the MoU, an implementation plan (outlined in **figure 2** overleaf) was devised and delivered in partnership, covering elective care, urgent care, frail and elderly services and the establishment of local community networks.

Governance arrangements were established through a system-wide delivery board accountable for achieving system-wide outcomes and an implied AIC control total.

Joint programmes were created for system-wide priorities supporting the development of integrated care, each of which included a provider senior responsible officer (SRO) accountable to the system delivery board.

To deliver these programmes, joint teams were established across the system, embracing operational and commissioning experience and co-located with the SRO.

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Aligned outcomes

The aligned incentives have enabled a more effective place-based system, working within a framework of a single plan for financial recovery and sustainability.

The incentives have created conditions that readily promote clinical innovation, reduce activity, and deliver services in different ways and settings, culminating in improved patient care. Joint teams, accountable to the system rather than individual organisations, are feeling empowered to effectively manage shared priorities across a range of programmes.

The new contract offers equitable and simplified arrangements that show a fair apportionment of limited resources aligned to the expectations of the whole system.

A clear financial structure supports the pace of change and planned reduction in system costs, while providing an effective bridge to the new forms of contracting required for an outcomes-based approach to healthcare, such as an integrated care provider.

A realignment of transaction costs, including workforce, across all partners and focusing on delivery of shared objectives has also been achieved.

Figure 1: key components of the Coastal West Sussex AIC memorandum of understanding

Expected income guarantee (EIG)	• A minimum sum that the provider can expect to receive • Provides funding for activity in line with agreed baseline, tariff impact and growth • Inclusive of 100% CQUIN
Aligned incentives	• Four service pools, each with incentives aligned to the management of risk for different types of activity • Designed to provide clear benefit for the provider to reduce avoidable activity and costs and support the delivery of system-wide savings, while ensuring the sustainability of hospital services
Cost risk reserve	• A separate reserve to manage the risk associated with the cost risk share (unscheduled care) and the cost reduction incentive (pass-through costs) sections of the contracts • Limited to value set out in the MoU • Unspent sums released as contribution to meeting the system financial challenge or as investment in transformation
Joint implementation plan	• Jointly constructed plan to support the delivery of the required cost reductions across both organisations, and to further support the achievement of system-wide balance • Enables delivery of framework for integrated care • Incorporates trust CIP and CCG QIPP requirements
Performance and quality	• No moderation of the need to deliver national standards or local KPIs • Performance and quality group (PQG) established to monitor adherence • The EIG not affected by the triggering of penalties on any deficits in performance against agreed CQUIN schemes • No fines or penalties applied
Financial management	• Shared responsibility to ensure financial sustainability of services and deliver financial control totals for partners • Finance and information group (FIG) established to review activity and costs against service pools and balance of risk between organisations • Effective suspension of payment by results
Governance	• A system-wide delivery board that provides leadership to the deployment of joint programmes of work • The principal objectives for the board are to promote partnership working; provide oversight to the application of the agreed key principles; and delivery of the joint programmes of work • Underpinned by part 2 meeting exclusively with WSHFT focused on contractual management issues
Activity and information	• Focus on information flows that enable joint commissioner and provider understanding of patient activity, cost drivers and health system dynamics • Move towards joint process for data accuracy and assurance

This includes a step down in contracting staff and processes and a shift of resources towards the development of integrated delivery teams.

Additional benefits include the development of a partnership between the local GP federation and WSHFT, focused on the improvements to elective care services in areas such as advice and guidance, technology, referral management, virtual clinics and one-stop shops.

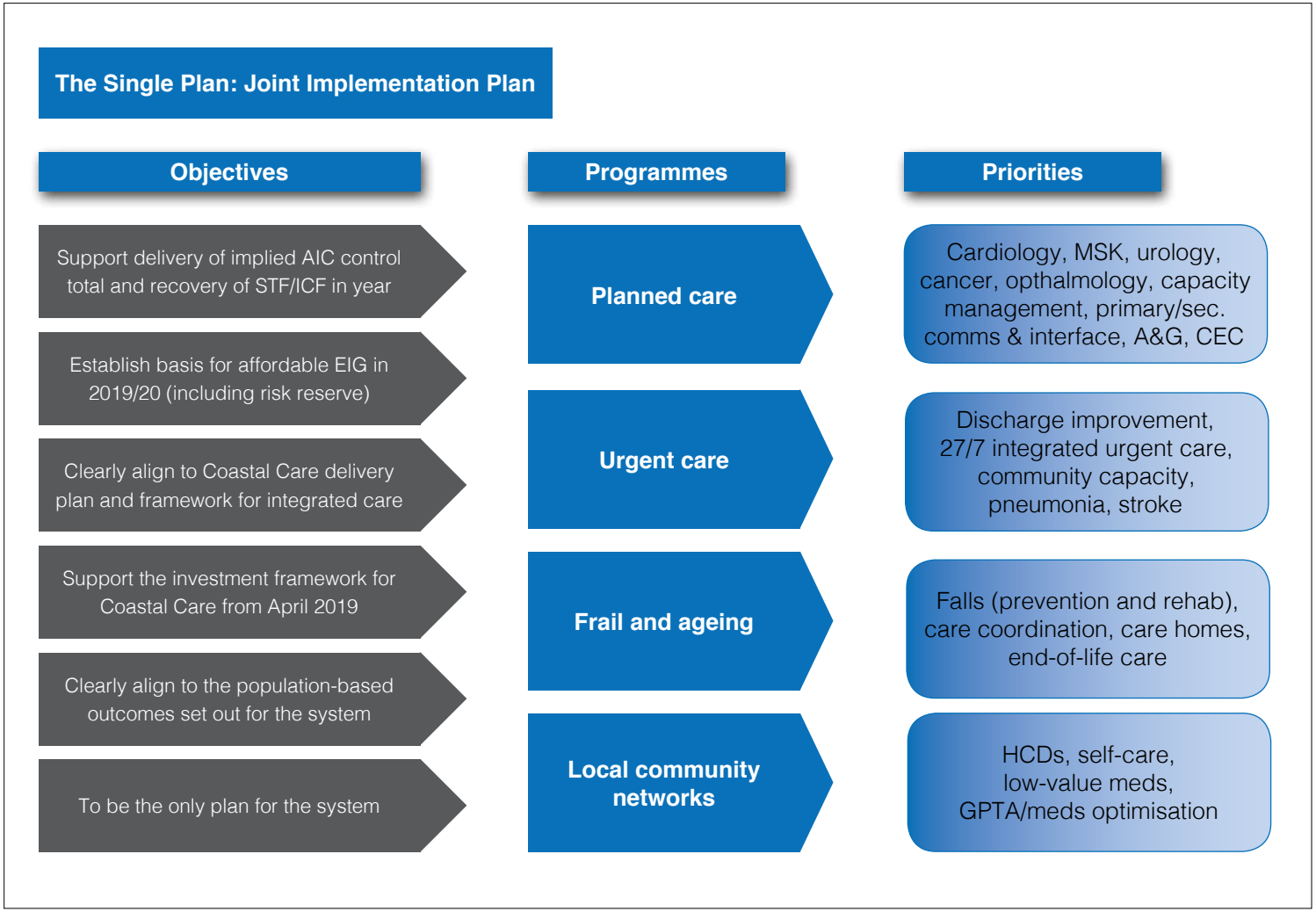
The changes have had the desired impact on the financial position of the system, with almost £50m of QIPP savings achieved in the first two years of the AIC, representing over two-thirds of the required amount.

Where WSHFT has led, community and primary care providers have followed. Both have signed up to AICs in 2019/20, which deliver against agreed system-wide ambitions and include a common set of outcomes and metrics aligned to the STP business plan.

They have the benefit of learning from the experiences of the CCG and WSHFT, including:

- **Surround yourself with the converted** Keep the project team small, make sure it includes contracting staff and unequivocal chief officer support
- **Get your communications in order** Not too early, but when the MoU is ready to sign, ensure engagement is ready to be released
- **Be brave, don't close doors** The AIC makes you think differently, so embrace the freedom
- **Get yourself a plan** Have the long-term in view, always think 'integration' and ensure the shared ambition is clear – it is an enabler for integration, not an end in itself
- **Don't spend too much time on the MoU** It isn't about contracting, it's about behaviours, culture and the shape of your partnerships
- **Be trusting** Particularly around the finances, the more time spent challenging each organisation's data, the less time you have to plan for your shared ambitions
- **Be prepared to work as a system from day one** View the partnership as a microsystem with a single budget.

Figure 2: Coastal West Sussex AIC joint implantation plan



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