

Integrated Commissioning Board



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Portfolio	Integrated Commissioning
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Pooled Budget Savings Programme 18/19 May Update

Executive Summary

- 1.1 This report is to update the savings requirement 2018/19 report that was presented on the 10th of April which highlighted a pooled fund deficit of -£5.9m. This report is an update following the final submission of the CCG Annual plan to NHS England on the 30th of April and has a current pooled fund deficit of -£5.1m which is an improvement of £0.8m. A breakdown is set out in appendix 1.
- 1.2 The report highlights the schemes that have been identified and implemented during the budget setting / contracting process.
- 1.3 The report also states the need to identify on-going savings schemes due to the remaining financial gap within the pooled budget and gives examples of possible mitigations that are available to close the current financial gap of £5.1m within the pooled budget.

Recommendation

- 2.1 Consider the work undertaken to date on achieving the savings plan for 2018/19 and the on-going work to ensure that the savings target is met to enable the Pooled budget to break even.

Reason for Recommendation

3.1 This update confirms the status of the savings proposals for the pooled fund.

Key Points for Consideration

1 Savings requirement for Pooled Budget 18/19

The savings requirement for the Pooled budget for 2018/19 has been updated following the final submission of the 2018/19 CCG Annual Plan being submitted to NHS England on the 30th of April and is currently identified as:

Table 1	On-going	One Off	RAG
	£m	£m	
Revised Council Gap	9.425	-0.771	
Revised CCG Gap	8.000		
Total Revised Pooled Fund Gap	17.425	-0.771	
Transformation Fund Benefits (Note A)	-5.173		
Decommissioning Strategy (Note B)	-3.200		
Contract Negotiations	-0.910		
Adult Services – Target	-0.750	-1.000	
Children's Services – Target	-0.251	-0.085	
Public Health – Target	-0.120		
Savings Sub-Total	-10.404	-1.085	
Total Revised Pooled Fund Gap after savings	7.021	-1.856	
Use of one off savings / resources	-1.856	1.856	
Total Pooled Fund Deficit	5.165	0.000	

It should be noted that the revised LA gap is after non recurrent funding of £0.771m. £0.693m of this is the receipt of the additional Adult Social Care grant which is non-recurrent.

The risk share agreement for the Pooled budget is 70/30 CCG/Council which in financial terms based on the above deficit would be £3.612m for the CCG & £1.550m for the Council.

2 Savings Identified to date for 18/19

The total savings required for a balanced pooled budget are £16.654m.

A) Transformation Funds Benefits

	£m	RAG
Acute	2.800	
Prescribing	1.000	
Care Packages	0.700	
Mental Health Assessment / Children's services duplication of services	0.200	
Carry Forward Slippage	0.500	
Total	5.200	

Acute deflection schemes for 18/19 have been agreed and the contract reduced by £2.8m which is £3.3m in deflections offset by stranded costs of £0.5m as per the agreed rules for the Locality Plan.

B) Decommissioning Strategy

	£m	RAG
Prescribing Optimed – Health	1.000	
Prescribing: Gluten Free & Minor Ailments – Health	0.600	
Paediatrics Observation & Assessment – Health	0.400	
Mental Health Out of Area Beds – Health	0.500	
De-Commissioning of Sub-Acute Rehab Beds – Health	0.700	
Total	3.200	

The Decommissioning strategy, currently has £3.2m identified as per the table above against a previously reported saving of £3.5m in 2018/19.

There are a number of initiatives that have been agreed but are still to be delivered e.g. Mental Health reduction in out of area placements £0.5m, prescribing savings for chronic obstructive pulmonary disease (COPD) and the work undertaken by Optimed. The Extension of the Minor Ailment scheme has now been superseded by the public consultation on over the counter drugs. The £0.6m reflected above will be up dated to take account of this once the implementation date has been agreed and the financials have been worked through.

Work is on-going to calculate the potential gluten free savings following the national decision to only prescribe bread and mixes, but this is felt to be negligible following the review already undertaken by the CCG last year.

The contract with Pennine Acute Hospital Trust has also been updated to reflect the de-commissioning of Sub-Acute Rehab Beds £0.7m and the financial reduction for Paediatrics Observation and assessment local tariff £0.4m.

C) Adult Social Care, Public Health & Children's services

Adult Social Care has plans in place to delivery savings of £0.75m:

The Contracts have been recommissioned in 2018/19 and achieved £292k and rated as green.

Income generation which is already achieved £60k and rated as green

On-going review of S117 cases, CHC and ordinary residence cases with other CCG's £243k and is rated as amber

On-going review of day time options for learning disability service users to utilise community resources £155k and is rated as amber.

Public Health of £0.12m

Re negotiation of contracts, the main ones being Big Life Company (£40k) and the substance misuse contract (£58k) which is all achieved £120k and rated as green.

Children's services of £0.251m

It should be noted that there needs to be a discussion that all of the savings below can be allocated to the pool which is still to take place for the purpose of this paper all the savings proposals have been added.

Utilisation of new grant for school improvement £150k rated as green

Efficiencies in Youth Offending and youth services £30k rated as green

Safeguarding savings £30k rated as green

Other savings £41k rated as green

There is a one off carry forward of £1m which will be utilised to support expenditure in 18/19.

3 Mitigations

To date £12.3m of savings have been identified towards the opening pool gap. This means there is still a financial gap within the pool of £5.1m (as per table 1 above). There needs to be an agreement of how this gap will be closed in 18/19 to ensure both organisations meet their statutory duties and the implications for 19/20 if Non Recurrent measures are used to close the gap.

There are a number of potential mitigations that need to be considered and agreed in order to reduce the current gap within the pooled budget.

1. The CCG currently has a contingency of £1.9m of which 74% £1.4m may be available for the services within the pool but this would mean the CCG has no further contingencies within its financial plan. This is a last resort option towards the latter part of the year when all other options have been explored.
2. The LA is holding a reserve in accordance with the risk share contribution. At the current size of gap this would equate to £1.550m. This is a last resort option towards the latter part of the year when all other options have been explored.
3. The contract with Pennine Acute Hospital Trust (PAHT) has a risk share for Non-Elective care which could result in an additional payment to the Trust for over performance to a maximum of £1m or a repayment to the CCG for under performance of £1m. The impact of this will not be known until later in the year especially taking into account potential winter pressures.
4. Other saving proposals being explored in 18/19 some of which were detailed in last months report. Each of these programmes would need to be reviewed separately because there is an obvious time constraint with a number of these programmes due to the need for a public consultation.
5. The CCG are under taking a review of all of their budgets to assess if there is any scope for a further contribution towards savings.
6. Analysis undertaken has provisionally identified there may be in the region of £1m slippage from funding identified by the CCG and LA to support enabling costs within the transformation fund. The locality will continue to explore external funding sources such as digital transformation funding and Estates transformation, as it did in 2017/18 to reduce the internal funding requirements

7.

Mitigation	Financial value	Probability	Financial value based on probability
1 CCG Contingency	£1.400m	75%	£1.050m
2 Council contribution to deficit @ 30%	£1.550m	100%	£1.550m
3 PAHT Risk share	+/- £1.000m	25%	£0.250m
4 Other savings proposals	£0.500m	50%	£0.250m
5 CCG Budget review	£1.000m	25%	£0.250m
6 Joint investment slippage	£1.000m	75%	£0.750
Total			£4.100m

Costs and Budget Summary

5.1 The financial implications are captured in Section 4 above.

Risk and Policy Implications

6.1 The financial outturn of the Pooled Budget is dependent upon the savings programme outlined in this paper and the identification of further schemes.

Consultation

7.1 The Chief Finance Officer from the CCG has been consulted on the content of this report.

Background Papers

Place of Inspection

8.1 There are no background papers to this report

For Further Information Contact:

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APPENDIX 1 - HMRCCG/Rochdale Borough Council Pooled Budget 2018/19

From the table below it is clear that the locality has taken a system approach to the funding and delivery of health and social care. This takes into account both the CCGs and LAs financial positions. Without a system approach issues experienced in the past whereby residents are not receiving the most appropriately timely care because of funding issues between two separately funded organisations would have continued.

Work is still ongoing to close the remaining financial gap and invoking the risk share which was agreed by ICB, CCG Governing Body and Cabinet in October is deemed by both organisations as a last resort

	Forecast Costs £000's	Contributions to Pooled Fund £000's	Opening Deficit £000's	Deficit as % of Contribution %	Estimated Savings & Additional Funds identified to date			Remaining Deficit	
					Recurrent £000's	Non-recurrent £000's	Total £000's	In-year	Future years
								£000's	£000's
HMRCCG	275,084	267,084	8,000	3.0%	8,147		8,147	-147	-147
Rochdale Borough Council	103,456	94,031	9,425	10.0%	2,258	1,856	4,114	5,312	7,168
Total	378,540	361,115	17,425	4.8%	10,404	1,856	12,260	5,165	7,021