Update on the financial position of the Integrated Health & Social Care Pooled Fund in 2019/20 and 2020/21

Executive Summary

1.1 This report updates the Integrated Commissioning Board (ICB) on the current budget gaps for the Integrated Health & Social Care Pooled Fund for 2019/20 & 2020/21.

Recommendation

2.1 It is recommended that ICB :-
   a) Note the current budget gap for the Integrated Health & Social Care Pooled Fund is £11.9m and £14.0m for 2019/20 & 2020/21 respectively. It should be noted that the final pooled fund gap will not be known until the CCG has had chance to work through the implications of the planning guidance and the CCG allocations and completed all of its contract negotiations. This will be finalised in time for the opening pooled fund budget report which will be presented to March ICB
   b) Note that an additional report will be brought to the meeting updating on the savings programme that is being developed to close the budget gaps noted above.

Reason for Recommendation

3.1 The Pooled Fund operates under Section 75 of the National Health Service 2006 Act and is mandated to set a balanced budget at the start of each financial year.

3.2 The last report taken to ICB on 27th November 2018 confirmed budget gaps for the Pooled Fund of :-
   • £12.3m in 2019/20 and
4.3 This report confirms further changes to these that mean that the budget gaps are now:
   - £11.9m in 2019/20 and
   - £14.0m in 2020/21

### Key Points for Consideration

4.1 It should be noted whilst this is a best estimate of the budget gap at this time until the Clinical Commissioning Group (CCG) receives its allocations, national planning guidance and concludes its contract negotiations the final gap will not be known.

4.2 The changes that have been incorporated in this report reflect:
   - Transfer of the budget for Pain Management Service (PMS) to the Transformation Fund Programme, -£1.0m in both 2019/20 and 2020/21
   - An increase in planning assumptions within RBC of £0.6m in 2019/20 and £2.3m in 2020/21 driven primarily by:
     - An increase in Children’s Services pressures of £2.8m in both 2019/20 and 2020/21, offset partially by:
       - Additional one off Social Care Funding announced in the Autumn Budget of £1.9m in 2019/20 and
       - Additional Business Rates Income of £0.3m and a reduction in borrowing costs of £0.2m in both 2019/20 and 2020/21

4.3 The table below shows how the budget gaps in 2019/20 and 2020/21 have changed since the start of 2018/19:

#### Integrated Health & Social Care Pooled Fund Gap for 2019/20 & 2020/21

<table>
<thead>
<tr>
<th></th>
<th>2019/20</th>
<th></th>
<th>2020/21</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CCG £'000</td>
<td>LA £'000</td>
<td>Total Pooled Fund £'000</td>
<td>CCG £'000</td>
</tr>
<tr>
<td>Budget gap at the start of 18/19</td>
<td>16,000</td>
<td>13,960</td>
<td><strong>29,960</strong></td>
<td>24,000</td>
</tr>
<tr>
<td>Changes in budget assumptions / additional resources</td>
<td>-3,519</td>
<td>-3,519</td>
<td><strong>-6,038</strong></td>
<td>12,367</td>
</tr>
<tr>
<td>Ongoing savings achieved in 2018/19 Transformation</td>
<td>-5,110</td>
<td>-1,246</td>
<td><strong>-6,356</strong></td>
<td>-5,110</td>
</tr>
<tr>
<td>Ongoing savings achieved in 2018/19 via Transformation</td>
<td>-5,124</td>
<td>-5,124</td>
<td><strong>-10,248</strong></td>
<td>-5,593</td>
</tr>
<tr>
<td>Cashable Benefits from Transformation</td>
<td>0</td>
<td>-4,248</td>
<td><strong>-4,248</strong></td>
<td></td>
</tr>
<tr>
<td>Unidentified Savings Target</td>
<td>-350</td>
<td>-350</td>
<td><strong>-700</strong></td>
<td></td>
</tr>
<tr>
<td>One-off Resources</td>
<td>-85</td>
<td>-85</td>
<td><strong>0</strong></td>
<td></td>
</tr>
<tr>
<td>Changes in budget assumptions / additional resources – RBC</td>
<td>-2,652</td>
<td>-2,652</td>
<td><strong>-5,304</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Budget gap for Pooled Fund reported to ICB on 29th Jan 19</strong></td>
<td>7,021</td>
<td>4,853</td>
<td><strong>11,874</strong></td>
<td>19,25</td>
</tr>
</tbody>
</table>
Alternatives Considered

4.4 Para 3.1 notes that the Integrated Health & Social Care Pooled Fund is mandated to set a balanced budget and all areas of the Pooled Fund will therefore be reviewed in the search for opportunities to close the budget gap.

4.5 ICB will be advised in a further report to this meeting about progress being made on a number of savings proposals that have been identified to close the financial gap.

Costs and Budget Summary

5.1 The financial impact has already been reflected in Section 4 above.

Risk and Policy Implications

6.1 Section 75 of the National Health Service 2006 Act gives powers to local authorities and health bodies to establish pooled funds out of which payment may be made towards expenditure incurred in the exercise of prescribed LA functions and prescribed NHS functions.

Consultation

7.1 This report has been produced in consultation with colleagues from both the LA and CCG.

Background Papers

| 8. | There are no background papers |

Place of Inspection

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