



Date of Meeting - 28<sup>th</sup> January 2020  
Portfolio- Integrated Commissioning      Lead Member- Councillor Rowbotham  
Report Author- Gareth Davies              Lead Officer- Sam Evans  
Public Document

## **Health and Social Care Pooled Budget Monitoring Report- December 2019**

### **Executive Summary**

- 1.1 To update the Integrated Commissioning Board (ICB) on the financial position of the pooled budget for the financial year 2019/20 as at the end of December 2019. The pooled budget excludes the Better Care Fund (BCF) and the Greater Manchester Transformation funding which are being reported separately to the ICB in 2019/20. The pooled budget has been amended to take into account the savings previously reported to ICB.
- 1.2 As at the end of September, the Health & Social Care (H&SC) Pool budget gap reported was £11.4m, with an overspend against budget of £3m bringing the total pressure on the H&SC Pool to £14.4m.
- 1.3 Since the last update, both the LA and the CCG agreed a one off funding arrangement to address the £14.4m pressure. It was agreed at Governing body in November that the CCG would contribute £7.7m towards the pool pressure, and it was agreed at Cabinet in December that the LA would contribute their share of the pool pressure (£5.9m). To fully fund the 2019/20 pressure, the LA has agreed to contribute an additional £0.8m to support delivery of the commissioning functions for 2019/20, with a corresponding reduction to the Council's contribution in 2020/21.
- 1.4 The contribution of the additional £0.8m will only be made if required at year end, and as at the end of December the forecast pressure remains at £0.8m.
- 1.5 The forecast overspend against pooled budgets as at the end of December has increased by £0.8m to £3.8m, due to an increase in the health-related pressures to £2.6m from £1.8m. The increase is in relation to prescribing costs. Health have identified resources to fund this £0.8m increase. Adult Social Care related pressures remain at £1.2m, and Public Health is forecasting a nil variance.

## Recommendation

- 2.1 ICB notes the pressure on the H&SC pool budget as at the end of December is £0.8m, however the LA has set aside resources to fund this gap at year end if the gap remains, with a corresponding reduction to the Council's contribution in 2020/21. Further work is underway to address this gap in 2019/20.
- 2.2 ICB notes that there is a £3.8m overspend being reported against the pool budget for 2019/20 (£2.6m on Health-related budgets and £1.2m on Adult Social Care), however these have been partially offset by the agreed one-off contributions from the LA and CCG, with only a £0.8m pressure outstanding.
- 2.3 ICB Notes the latest forecast overspend on Children's Social Care reported to Cabinet is £2.9m, a reduction of £0.2m since the last update. This is being reported for information only, as the in-year overspend is managed by the LA and does not form part of the pool.

## Reason for Recommendation

- 3.1 This report updates the ICB on the Health and Social Care pooled budgets for 2019/20 in line with National Health Service England (NHSE) guidelines and the Greater Manchester (GM) Health and Social Care Partnership requirements. As part of operating a pooled budget regular monitoring reports are required.
- 3.2 The BCF has been excluded from the pooled reporting and will be reported separately to ICB in line with NHSE requirements for reporting each quarter.

## Key Points for Consideration

- 4.1 The pooling of budgets between the two organisations, LA and CCG, is in line with NHSE guidelines to progress integration of Adult Social Care and Health and is in accordance with the decision made by Cabinet and the CCG Governing Body.
- 4.2 The operation of a formal pooled budget has been in place from April 2018 in line with the agreement for Transformation Funding from the GM Health and Social Care Partnership.
- 4.3 BCF graduation has not yet been received from NHSE for the locality; this means that reporting of the BCF is required each quarter in line with NHSE guidelines.
- 4.4 **Alternatives Considered**  
The operation of a formal pool in 2019/20 is in line with the requirements of the GM Health and Social Care Partnership and builds on the shadow pool that was operated by the ICB in 2017/18 and is in line with 2018/19 reporting; therefore there are no alternatives to consider.

## Costs and Budget Summary

- 5.1 Changes to the Pooled Budget and Budget Gap between the end of September and the end of December are detailed in Table 1 below;

**Table 1**

<b>Variations from September to December budgets</b>		
	<b>Pooled Budget £m's</b>	<b>Budget Gap £m's</b>
<b>Position as at the end of September 2019</b>	<b>350.8</b>	<b>11.4</b>
<b>CCG Changes Impacting Pool Gap</b>		
Additional Contribution to pool gap agreed at Governing Body in November.	0.0	-6.4
<b>CCG Changes with matching CCG contribution</b>		
Additional Palliative Care Funding received.	0.1	0.0
The CCG has used its £0.8m prescribing reserve to partially offset this pressure from the increase negotiated by the DoH on Category M drugs.	0.8	0.0
<b>Total movement in CCG pooled budgets/ gap</b>	<b>0.9</b>	<b>-6.4</b>
<b>LA Changes Impacting Pool Gap</b>		
Additional Contribution agreed at Cabinet in December	0.0	-5.0
<b>Total movement in LA pooled budgets/ gap</b>	<b>0.0</b>	<b>-5.0</b>
<b>Total Pool Movements from September to December</b>	<b>0.9</b>	<b>-11.4</b>
<b>Position as at the end of December 2019</b>	<b>351.7</b>	<b>0.0</b>

- 5.2 Since the end of September there has been a net increase in the H&SC pool budget of £0.9m, primarily due to the inclusion of the CCG's £0.8m prescribing reserve, required to offset the increased cost of Category M drugs following Department of Health price negotiations. The remaining increase of £0.1m relates to additional palliative care funding received.
- 5.3 Since the last update, both the LA and the CCG agreed a one off funding arrangement to address the £11.4m pool gap as well as the previously reported £3m overspend. It was agreed at Governing body in November that the CCG would contribute £7.7m towards the pool pressure, of which £6.4m relates to closing the pool gap, and it was agreed at Cabinet in December that the LA would contribute £5.9m towards the pool pressure, of which £5.0m relates to closing the pool gap.
- 5.4 These additional one off contributions have reduced the pool budget gap to nil for 2019/20.

5.5 Table 2 below shows the latest monitoring position against the Health & Social Care Pooled Budget.

**Table 2**

Health and Social Care Pooled Budget 2019/20				
	2019/20 Budget	2019/20 Forecast	Variance	Narrative
December Monitoring position	£m's	£m's	£m's	
<b>Adult's Services</b>				
Management, Support and Commissioning	3.0	3.0	0.0	
Adults, Older People and Physical Disability	42.0	42.9	0.9	Increase in expensive Residential/ Community Placements (£0.9m).
Learning Disability / Mental Health	54.1	54.8	0.7	Expensive Residential/ Community Placements (£0.3m). Additional patients within specialist rehab beds and increased observations for an LD patient (£0.4m).
Acute Health Care	116.9	118.4	1.5	Pressure with Pennine Acute on non-elective.
Primary Care - Prescribing	30.0	30.3	0.3	Due to Category M Drug price increases negotiated by the Department of Health (DoH), there is a forecast pressure of £1.2m on prescribing. The CCG has used its £0.8m prescribing reserve to partially offset this pressure giving a net £0.4m pressure, £0.1m of which is shown in Children's prescribing below.
Other Services	6.6	6.6	0.0	
Adult Public Health	8.0	8.0	0.0	
<b>Total Adult Pooled Services</b>	<b>260.6</b>	<b>264.0</b>	<b>3.4</b>	
<b>Children's Services</b>				
Management, Support and Commissioning	4.4	4.4	0.0	
Children's Early Intervention	6.3	6.3	0.0	
Health Community Services	5.8	5.8	0.0	
Learning Disability / Mental Health	6.7	6.7	0.0	
Special Educational Needs	4.0	4.0	0.0	
Acute Health Care	22.7	23.0	0.3	Pressure with Pennine Acute on non-elective.
Children 0-19 Public Health	5.0	5.0	0.0	
Cared for Children and Safeguarding	26.7	26.7	0.0	
Primary Care - Prescribing	8.0	8.1	0.1	See Adults Primary Care - Prescribing above for details.
Other Services	1.5	1.5	0.0	
<b>Total Children's Pooled Services</b>	<b>91.1</b>	<b>91.5</b>	<b>0.4</b>	
<b>Total Health and Social Care Pooled Budgets</b>	<b>351.7</b>	<b>355.5</b>	<b>3.8</b>	
<b>Contribution from Partners</b>				
CCG	-256.9	-259.0	-2.1	The CCG has contributed an additional £6.4m towards closing the pooled gap and £1.3m towards the previously reported overspend. The CCG have also contributed an additional £0.8m to cover the increased overspend since the September reporting update.
LA	-94.8	-95.7	-0.9	The LA has contributed an additional £5.0m towards closing the pool gap and £0.9m towards the previously reported overspend.
<b>Total Contributions</b>	<b>-351.7</b>	<b>-354.7</b>	<b>-3.0</b>	
<b>Revised Gap</b>	<b>0.0</b>	<b>0.8</b>	<b>0.8</b>	The LA has agreed to fund the remaining £0.8m pressure in 2019/20 if required at year end, with a corresponding reduction in the LA contributions in 2020/21.

- 5.6 A pressure of £2.6m is being reported against Health Services. Acute is forecast to over spend by £1.8m primarily due to over performance at Pennine Acute in relation to Non-Elective activity. It is worth noting that the forecast over performance on the Acute contract is after the outturn agreement has been applied. The cost of this activity at full cost would be circa £6.5m.

In addition, there is a £0.5m pressure against Learning Disability / Mental Health budgets. The CCG has a patient at Cheshire and Wirral NHS Partnership in a Learning Disability bed. Although the cost of the placement is funded through the greater Manchester risk share, The CCG continue to pay for additional observation costs. This results in a forecast overperformance of £257k, which is over and above the agreed contract value. Learning Disabilities Commissioners are working with Cheshire and Wirral to find an appropriate placement in a community setting for this patient.

Since the September update, a net £0.4m pressure on Primary Care prescribing has been identified due to Category M Drug price increases negotiated by the Department of Health (DoH). The gross impact of the newly negotiated prices is a forecast pressure of £1.2m, however the CCG has used its £0.8m prescribing reserve to partially offset this pressure giving a net £0.4m pressure.

- 5.7 Adult Social Care is continuing to forecast an overspend due to an increase in Residential and Community service expenditure, although this has remained at £1.2m in line with the previous position reported. Data trends continue to show a significant increase in forecast costs, compared to a relatively small increase in the number of placements meaning that the average price of care packages provided has increased. This is as a consequence of an increase in the number of higher need residential placements, charged above the standard rate, and an increase in the average number of hours provided for home care packages due to increased complexity.
- 5.8 Both partners have increased their contributions to the pool to cover the previously reported overspend of £3.0m. The CCG are contributing £1.3m, and the LA are contributing £0.9m, with the LA agreeing to fund the additional £0.8m gap in 2019/20 if required at year end.
- 5.9 The CCG have agreed to increase their contributions by a further £0.8m to cover the increased forecast overspend since the position reported in September.
- 5.10 Further work is underway between the pool fund partners to close the pooled gap and address the reported pressures.
- 5.11 There are a number of aligned services which sit outside of the pooled budget which are listed in table 3. These are not under the control of the ICB but are included here for information, decision making around these budgets remains with the LA or CCG.

**Table 3**

<b>Aligned Services</b>		
<b>Service</b>	<b>Host</b>	<b>Budget £000's</b>
Health Protection	PH	160
Physical Activity	PH	581
Smoking	PH	34
Other Public Health	PH	1,201
Link4Life	PH	2,586
Management and Strategy	CSC	241
Shared Services with Bury	CSC	220
Sufficiency and Access	CSC	82
School Improvement, Organisation and Personnel	CSC	824
Educational Psychology/Coordinator	CSC	445
Regional Adoption Agency	CSC	1,270
Primary Care	CCG	7,044
Acute Services	CCG	47,396
Core Running Costs	CCG	4,567
Primary Care & Co Commissioning	CCG	37,489
Other CCG	CCG	1,689
<b>Total Aligned Services</b>		<b>105,829</b>

### Risk and Policy Implications

- 6.1 The pooled budget has been agreed to be operated in 2019/20. Section 75 of the National Health Service 2006 Act gives powers to local authorities and health bodies to establish and maintain pooled funds out of which payment may be made towards expenditure incurred in the exercise of prescribed LA functions and prescribed NHS functions.
- 6.2 Under the Section 75 Risk Share agreement, If a revenue overspend or underspend remains at the end of a financial year, the Partners agree that such Underspends and Overspends will be managed based on the initial level of contributions made by each Partner at the start of each financial year. Any over/under spend at the end of the year would be shared pro rata to the initial level of contributions made by each partner.

### Consultation

- 7.1 There is no requirement for consultation on the contents of this report other than with the partners i.e. the CCG and the LA. Relevant officers from both organisations have been consulted on the content of this report.

<b>Background Papers</b>	<b>Place of Inspection</b>
8.1 LA Monitoring working papers CCG Monitoring working papers	Number 1 Riverside Number 1 Riverside
<b>For Further Information Contact:</b>	Gareth Davies gareth.davies@rochdale.gov.uk 01706 924888