

Report to Cabinet



Date of Meeting	26 th May 2020
Portfolio	Cabinet Member for Resources
Report Author	Julie Murphy
Public Document	

Health & Social Care Pool Budget Risk Share Agreement 2020/21

Executive Summary

- 1.1 To inform Cabinet and the Corporate Overview and Scrutiny Committee of the proposed change to the Health & Social Care Pool Budget Risk share agreement for 2020/21, taking into account the expected financial impact of Covid 19.
- 1.2 The Report is recommending that both partners are responsible for their own pooled fund gap in 2020/21, noting this is a time limited proposal as a result of Covid 19 and a risk sharing approach will be implemented for 2021/22.

Recommendation

- 2.1 Cabinet approves that the Health & Social Care Pool budget risk share agreement is changed for 2020/21 so that both partners are responsible for their own pooled fund gap and in year underspend or overspend.

Reason for Recommendation

- 3.1 This is a high level of uncertainty around the financial impact the Covid 19 pandemic will have on both the LA and CCG, which along with the continued pressures arising from the H&SC pool fund and Children's Services overspend is putting additional financial pressures on both partners. It is therefore considered prudent for both partners to be responsible for their own pool gap and in year underspend or overspend for 2020/21.

Key Points for Consideration

4.1 Background to the Health & Social Care (H&SC) Pool Budget

- 4.1.1 The H&SC pooled budget has been formally in operation from 2018/19 following 2 years of a shadow fund.

4.1.2 The H&SC pooled budget has been formally in operation from 2018/19 following 2 years of a shadow fund.

4.2 Impact of Covid 19 pressures

The Covid 19 pandemic has resulted in additional costs for both the LA and CCG, and the full impact is yet to be fully understood.

LA Covid 19 pressures and funding

Initial forecasts are that the Local Authority (LA) will be faced with additional cost pressures of £11m, and a potential loss of income in the region of £29m, giving a potential in year pressure of £40m.

The LA has received additional one off Government funding of £13.6m to deal with the cost pressures of Covid 19 including supporting social care providers, however this leaves a remaining gap to be addressed of £26.4m.

The LA pressures identified are expected to have a long term impact, and so there is expected to be a significant increase budget pressure in future years, and the long term Government response to these pressures has yet to be announced.

CCG Covid 19 pressures and funding

The CCG has incurred increased pressures that are claimable against the national health fund available for Covid 19 costs of £1.3Bn, and have had to postpone planned savings of £5.4m. As the CCG is fully funded from NHS England there should be no impact on income levels.

Both partners are working together to ensure that where appropriate costs are charged against the NHS £1.3Bn Covid 19 funding pot to maximise the total funding available to the Rochdale locality.

Given the scale of the pressures being faced by both organisations and the sector specific funding routes available to both organisations, it is considered appropriate to review the risk sharing agreement in place for 2020/21.

4.3 Risk Sharing/ Funding Options

Risk sharing has to be clearly understood to support both organisations in their financial planning and has to be proportionate to the value of the spend and the likely benefits that may accrue in the longer term.

The following 3 options have been considered:-

- Risk share based on opening contributions for all variances.
- Risk Share based on Opening Contributions for in year monitoring pressures, with each organisation responsible for their opening gaps.
- Each organisation responsible for their own underspends/ overspends/ opening gaps

4.4 Conclusion and Recommendation

Both organisations are facing significant pressures as a result of Covid 19, with access to separate funding support schemes from the Government. Agreeing that each partner will be responsible for their own share of the pool gap and overspend will allow for greater transparency in understanding the full impact on each organisation of Covid 19, and allow both partners to pursue additional resources/ funding from the appropriate source.

It is intended to enter into a more risk sharing approach for 2021/22 with both organisation's being committed to Integrated Health and Care and the pooled fund and the benefits this offers in terms on integrated services within the Borough of Rochdale. This is considered to be a time limited exercise in response to the Government actions to Covid 19 in creating a more centralised process for 2020/21.

It is recommended that for 2020/21 that the LA and CCG become responsible for their own opening gaps and in year monitoring pressures whilst the impact of Covid 19 is fully understood, to be reviewed for future years.

Costs and Budget Summary

5. The report is recommending that each organisation is responsible for their financial position within the pooled fund for 2020/21. Currently there is uncertainty re the expected level of funding for Covid 19 costs/loss of income from the Government and further reports will be presented to Cabinet detailing the financial implication.

Risk and Policy Implications

- 6.1 The recommendation of this report will change the risk share agreement for the H&SC Pooled budget which will affect the financial pressure for each organisation.
- 6.2 The proposed risk share agreement will require each partner to be responsible for their own pressures, and help to clarify each partners financial pressures and responsibilities.
- 6.3 The Section 75 agreement will require updating to reflect the new risk share agreement.

Consultation

7. In April 2020 a report was been presented to the Integrated Commissioning Board proposing the amendment to the 2020/21 risk share agreement. In addition changes to the risk share agreement for the H&SC Pool budget have been discussed at Leadership Team, and finance colleagues from both organisations have been in regular discussions. The report will be presented to the Corporate Overview and Scrutiny Committee on the 22nd of June 2020.

Background Papers	Place of Inspection
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8. For further information about this report or access to any background papers contact Gareth Davies	Number 1 Riverside Floor 2
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