

	Health and Well-Being Board 4 June 2015
Title	Better Care Fund Pooled Budget - Update
Report of	Director of Integrated Commissioning CCG Commissioning Director – Adults and Health, LBB
Wards	All
Date added to Forward Plan	March 2015
Status	Public
Enclosures	None
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Summary
<p>Barnet Council (LBB) and Barnet Clinical Commissioning Group (BCCG) agreed to enter into a pooled budget arrangement from 1st April 2015. Both organisations have received endorsement from their prospective internal governance bodies namely LBB Policy and Resources Committee on 24th March 2015 and BCCG Audit Committee on 19th April 2015.</p> <p>Following the endorsements, this report intends to update the HWBB Board on the setting up of the pooled budget fund and mitigation of the financial risk in the pay for performance element of the fund. It also informs the Board of the timetable for quarterly reporting for the programme of work under the Better Care Fund.</p>

Recommendations
<ol style="list-style-type: none"> 1. That the Health and Well-Being Board notes the progress in establishing the pooled budget fund between London Borough of Barnet and Barnet Clinical Commissioning Group. 2. That the Health and Well-Being Board notes the timetable for Better Care Fund (BCF) quarterly reporting and agrees that the Chairman and Vice-Chairman of the Health and Well-Being Board continue to sign off progress reports to NHS England.

3. That the Health and Well-Being Board endorses the approach to address the identified potential financial risk.

1. WHY THIS REPORT IS NEEDED

- 1.1 From April 2015, the Department of Health (DH) required councils and Clinical Commissioning Groups (CCGs) to pool their budgets allocated for the delivery of the schemes of work in the Better Care Fund (BCF) Plan. This would enable the Council, the CCG and the Health and Well-Being Board (HWBB) to determine investment and realise the target benefits and outcomes identified.
- 1.2 The HWBB Finance Group will act as the pooled fund executive and will be responsible for monitoring progress in delivering the target benefits and outcomes in the BCF Plan and Business Case, including oversight of work and spend.
- 1.3 The Policy and Resources Committee, on 24th March 2015, gave authority for the Council to enter into a pooled budget with NHS Barnet CCG. They also delegated authority to the Commissioning Director for Adults and Health to finalise the operational arrangements for the Better Care Fund 2015-2016 pooled budget with NHS Barnet Clinical Commissioning Group, and to execute a new schedule to the section 75 agreement for Integrated Care and a Deed of Variation to initiate the pooled fund arrangement. The Deed of variation is agreed in principle by the CCG who are currently seeking legal advice before final agreement.

2. CONTINGENCY FUND

- 2.1 The Better Care Fund is due to realise £5.7m of net benefits over 2016/17 through to 2019/20: £3.1m QIPP savings for Barnet CCG, £1m Commissioning Plan savings for the Council, through reducing residential care placements, plus £1.6m in other savings for both organisations across the delivery of integrated services. The majority of savings will be made within acute hospital spend.
- 2.2 An agreement in principle has been made with NHS England that the target for reducing non elective admissions (NEL) of 3.5% will have 1.6% of demographic growth applied. The application of demographic growth reduced the risk of the maximum pay for performance (P4P) element to £1.2m from £2m. It should be noted that the full BCF allocation is part of the CCG baseline annual allocation from NHS England and hence is included in the CCG core budget for 2015/16. The P4P element relates to the degree to which a CCG is permitted to release funds into the BCF pool, in proportion to their achievement against their NEL target; i.e. if some reduction is achieved, some P4P will be released from the CCG to the pooled fund. The full £1.2m of risk to the fund will only materialise if no reduction at all is achieved.
- 2.3 In terms of mitigating this risk, Barnet's pooled fund executive has identified a contingency provision of £800k in this year's fund. This leaves a potential total remaining risk exposure of £400k of which equates to 0.02%. To mitigate the financial risk to both organisations, it is proposed that the remaining £400k, if

needed, is identified from within the existing Better Care Fund of £23.412m through controllable expenditure until the risk has been mitigated and reassessed. The individual elements of where the £400k can be released have yet to be identified. It should be noted that the full £400k will only be required if no performance improvement is achieved against the target and none or some of it may be required in the future. Officers will review this on a regular basis throughout the year, based on the trajectory of NEL target achievement.

- 2.4 Spend on the BCF will be restricted by £400k. This restriction will exclude the £4.2m for the protection of social care and the £846k to implement the Care Act. These are part of the national conditions for the BCF and statutory new burdens, and restrictions in this would therefore mean that Barnet was failing to meet core BCF requirements.

3. BETTER CARE FUND REPORTING

- 3.1 The timetable for reporting on the Better Care Fund metrics has recently been issued and set out in table 1 below. As part of its responsibility for monitoring the programme of work, the Health and Well-Being Board will be required to sign off the quarterly reports prior to formal submission. The reporting will be primarily based on the Barnet Part 2 template of the Better Care Fund submission.

Table 1

Reporting Quarter	Submission Deadline
Quarter 4 14/15	29/05/2015
Quarter 1 15/16	28/08/2015
Quarter 2 15/16	27/11/2015
Quarter 3 15/16	26/02/2016
Quarter 4 15/16	27/05/2016

- 3.2 Quarter 4 reporting period covers January – March 2015. Given the timescales, the first report was agreed by the Chairman and Vice Chairman of the Health and Well-Being Board (HWBB), in line with previous delegated authority in relation to the BCF and has been circulated to the HWBB. The HWBB is asked to continue to delegate sign off of BCF reports to NHS England and the Department of Health to the HWBB Chair, Vice Chairman and HWBB Finance Group. These reports will then be circulated to all members of the HWBB for information.
- 3.3 The Report to NHS England requires the HWBB to provide a Yes/No/In progress statement against the seven conditions of the BCF with a statement explaining the position. There is also a narrative requiring the HWBB to set out progress against the BCF Plan and Performance trajectories.

3.4 A performance dashboard on the BCF will be presented to the HWBB on a quarterly basis which will provide the key metrics and an exception report to the BCF Plan.

4. REASONS FOR RECOMMENDATIONS

4.1 The Better Care Fund submission outlined a number of schemes and initiatives for implementation to enable benefits realisation. Owing to the potential financial risk that has been identified, a review of the current programme of work will be completed to identify how the financial risk, should it materialise, is mitigated. As the accountable body, the HWBB will, through the HWBB Finance Group, sign off any proposed revisions of the current programme of work.

4.2 A comprehensive programme of work under the Health and Social Care Integration programme to deliver benefits outlined as part of the Better Care Fund submission is underway. The reporting will enable the HWBB to review progress and direct any action plans that may be required.

5. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

5.1 None.

6. POST DECISION IMPLEMENTATION

6.1 Once agreed by the LBB and BCCG governing bodies, further exploration will take place of elements of where the identified £400k can be released from, should the risk materialise.

6.2 For future reports, the BCF reporting schedule will be reviewed against the calendar of meetings of the HWBB and HWBB Finance Group to ensure sufficient time is built in for sign off prior to formal submission.

7. IMPLICATIONS OF DECISION

7.1 Corporate Priorities and Performance

7.1.1 Implementation of the BCF plan and individual initiatives will help deliver the overarching aims of the Barnet Health and Well-Being Strategy 2012 to 2015, LBB Commissioning Intentions and BCCG 5 year Strategic Plans.

7.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

7.2.1 The BCF 2015/16 Budget is outlined below:

	Source	Type	£000
1	LBB	Adult Social Care Capital Grant	806
2	LBB/NHS	Section 256 Funding	6,634
3	BCCG	Carers Breaks	806
4	BCCG	Enablement	1,860
5	LBB	Disabled Facilities Grant (DFG)	1,066

6	BCCG	NHS Funding (<i>Note - Includes £846K for Care Act Implementation</i>)	12,240
		Total	23,412

- 7.2.2 The financial position facing both the Council and the Clinical Commissioning Group (CCG) continues to be challenging and will continue in the medium to long term.
- 7.2.3 Barnet CCG is steadily improving its financial position with a cumulative deficit at end 2014/15 of £11m against a plan of £24m and a plan for 2015/16 showing a further reduction in the cumulative deficit to £4m by the end of the year. Nevertheless, several major provider contracts for 2015/16 have not yet been settled and other risks continue on achieving the patient pathway changes to move activity out of the expensive acute sector, so the CCG continues to face significant financial challenges.
- 7.2.4 The Council's medium term financial plan requires the Council to continue to reduce its existing net expenditure, delivering further savings of £17m in 2015/16 and a further £74m from 2016 to 2020. The savings are driven predominantly by a reduction in Central Government support but also an increase in demand for Councils services, in particular adult social care.
- 7.2.5 The Adults and Communities delivery unit within the Council exceeded its budget in 2014/15 of £90.746m by £2.472m. The service has experienced an increase in demand for Adult Social Care Services, exacerbated by the needs of existing clients becoming more complex due to an aging population. This is coupled with the fact that the clients who used to pay 100% of their own care now have depleted funds and therefore become the financial responsibility of the council for their care needs. At the same time, during the course of the year we have seen an increase in the number of ordinary residents and clients who have been placed in Barnet by another borough (and who, following a claim, become the responsibility of Barnet's Adult Social Care Service). These financial pressures will create competing demands for the service in the short to long term and the financial risk of growth versus efficiency opportunities will need to be carefully managed.
- 7.2.6 £800k of the BCF for 2015/16 is currently identified as a contingency. Should some or all of it not be required to mitigate the risk of the pay for performance element, its use will be determined by the HWB finance group in accordance with its terms of reference as the pooled budget executive.
- 7.2.7 Of the £6.634m identified in paragraph 7.2.1 as Section 256 funding, £4.2m is currently ring fenced to protect adult social care services in 2015/16. This money is used to support integrated care services being implemented to achieve BCF performance targets. The level of risk in the adult social care budget may have an impact on the use of this £4.2m in future years. This would have a negative impact on the implementation of the Better Care Fund model and targets, as the Council will be required to prioritise care package

spend. The Council will closely monitor and manage this risk. However, to mitigate the risk of any potential reduction of the Council contribution to integrated care, the Council will explore with the CCG how the full £6.6m S256 funding can be used in future years to protect social care's contribution to the BCF model.

7.3 Legal and Constitutional References

7.3.1 Section 75 Agreements for Integrated Care between BCCG and LBB, Section 75 of the NHS Act 2006 (pooled budgets arrangements).

7.3.2 Under the Council's Constitution (Responsibility for Functions Annex A) the Health and Well-Being Board has the following responsibility within its Terms of Reference:

(3); 'To work together to ensure the best fit between available resources to meet the health and social care needs of the population of Barnet (including children), by both improving services for health and social care and helping people to move as close as possible to a state of complete physical, mental and social well-being. Specific resources to be overseen include money for social care being allocated through the NHS; dedicated public health budgets; and Section 75 partnership agreements between the NHS and the Council.'

(9); Specific responsibility for:

- *Overseeing public health*
- *Developing further health and social care integration*

7.4 Risk Management

7.4.1 Clear governance has been set up to manage and monitor the fund through the HWBB Finance Group. The Group will act as the pooled fund executive and responsible for monitoring progress in delivering the target benefits and outcomes in the BCF Plan and Business Case, including oversight of work and spend.

7.4.2 The Better Care Fund has a contingency provision of £800k which leaves a remaining potential risk exposure of £400k to the Fund which equates to 0.02%. To mitigate the financial risk to both organisations it is proposed that the remaining £400k, should it materialise, is identified from within the existing Better Care Fund of £23,412m through controllable expenditure until the risk has been mitigated and reassessed.

7.5 Equalities and Diversity

7.5.1 In implementing the BCF initiative, the Council with its partners seeks to ensure that in the provision of services and allocation of resources, it helps to remove any barriers to access to health provision and remove health inequalities. Due regard will be given to ensure that all relevant aspects of Equalities and Diversity are considered.

7.5.2 Health partners as relevant public bodies must discharge their duties under the Equality Act 2010 and consideration of equalities issues should therefore form part of their reports. Proposals are therefore assessed for their impact on equality and diversity in line with the Barnet CCG Equality Delivery System. A requirement of the BCF is to guarantee that no community is left behind or disadvantaged – the commissioning system therefore needs to be focused on reducing health inequalities and advancing equality in its drive to improve outcomes for patients and service users.

7.5.3 in order to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- Advance equality of opportunity between people from different groups
- Foster good relations between people from different groups

7.6 Consultation and Engagement

7.6.1 The BCF plan and 5 tier model was developed with consultation with service users, patients, Healthwatch Barnet and the Older People's Partnership Board.

8. BACKGROUND PAPERS

8.1 Final Barnet BCF Plan approved as part of the Part 1 BCF Plan submission approved by NHSE on 6th February 2015, Health and Well-Being Board 29 January 2015, item 6:

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=177&MId=7784&Ver=4>

8.2 NHS England operationalisation guidance of Better Care Fund Plans:

<http://www.england.nhs.uk/wp-content/uploads/2015/03/bcf-operationalisation-guidance-1516.pdf>