

	Policy and Resources Committee 24 March 2015
Title	The Better Care Fund 2015-2016: Agreement to enter into a pooled fund with NHS Barnet CCG
Report of	Adults and Health Commissioning Director
Wards	All
Status	Public
Enclosures	Appendix 1 - NHS Barnet BCF Plan Wave 3 Approval Letter (15-02-06) Appendix 2 - Cabinet Resources Committee Integrated Adults Health and Social Care Arrangements (13-07-18) Appendix 3 - Action Taken By Cabinet Member: Overarching Section 75 Agreement - Adults Integrated Health and Social Care Arrangements (13-08-14)
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Summary

The national £3.8bn Better Care Fund (BCF) was announced by the Government in June 2013 spending round, to support a transformation in integrated health and social care. For the first year of the BCF, funding to local authorities was provided through section 256 funds. This is a funding transfer from the NHS to be spent on social care which benefits health, with funding direct from NHS England to the Council. For the financial year 2015/16, there is a national requirement to operate the BCF as a pooled fund. The funding will flow from NHS England to individual Clinical Commissioning Groups (CCGs) which are then required to transfer the funds to a pooled fund. Local authorities will receive section 256 funding to support the funding of core statutory social care services and integrated care and funding mandated by the Department of Health (DH) for the Care Act through this route. Section 256 transfers will no longer take place.

Barnet has worked on integrated health and social care services for some time: defining a local vision for integration; agreeing a Concordat for Integration with Barnet commissioning and provider partners; and setting up an integrated care programme, reporting to the Health and Well-Being Board (HWBB).

The scope of work for this integrated care programme is detailed in the final Barnet BCF Plan, approved by NHS England on 06 February 2015 and the Business Case for Health and Social Care Integration (HSCI), approved by Council on 04 November 2014 and NHS Barnet CCG (CCG) in October 2014.

The pooled fund will be used for the delivery of the schemes of work in the BCF Plan. The BCF allocation for Barnet for 2015/16, set by the Department of Health (DH), as detailed in the BCF Plan is £23.4m (rounded).

The Council has an existing section 75 agreement with NHS Barnet CCG for integrated health and social care, which was agreed by Cabinet in July 2013. The existing section 75 agreement includes the services currently in place as part of the BCF plan, which are funded through current section 256 funds.

This report seeks authority for the Council to enter into a pooled budget with NHS Barnet CCG starting in April 2015 for the duration of the national BCF arrangement. The fund will be used for continued delivery of the services in the BCF plan. The pooled budget will be established as a schedule under the existing integrated health and social care section 75 agreement, executed through a deed of variation agreed by the Council and CCG.

Please note that following discussions on the BCF at the CCG Board on 26 February 2015, the CCG Audit Committee will consider this same report for approval on 16 April 2015. This will give CCG officers the authority to enter into the same pooled budget arrangements.

Recommendations

- 1. That the Committee approve the entry into a pooled budget with NHS Barnet Clinical Commissioning Group for the requirements of the Better Care Fund from April 2015, based on the contents set out in paragraphs 1.18 of this report.**
- 2. That the Committee delegate authority to the Adults and Health Commissioning Director to finalise the operational arrangements for the Better Care Fund 2015-2016 pooled budget with NHS Barnet Clinical Commissioning Group.**
- 3. That the Committee delegate authority to the Adults and Health Commissioning Director to execute a new schedule to the section 75 agreement for Integrated Care and a Deed of Variation to initiate the pooled fund arrangement, based on the contents set out in paragraphs 1.18 of this report.**

1. WHY THIS REPORT IS NEEDED

- 1.1** The national £3.8bn Better Care Fund (BCF) was announced by the Government in the June 2013 spending round, to support a transformation in integrated health and social care. The second year of BCF starts in April 2015, with the requirement to create a local pooled budget to support health and social care services to work more closely together.

- 1.2 Barnet has been working on the integration of health and social care services for some time. This includes the 2011 Scrutiny Task and Finish group to define a local vision for integration; setting up an integrated care programme reporting to the Health and Well-Being Board (HWBB); and agreeing a Concordat for Integration with Barnet commissioning and provider partners.
- 1.3 The scope of work for this integrated care programme is detailed in the final Barnet BCF Plan, approved by NHS England on 06 February 2015 and the Business Case for HSCI, approved by Council on 04 November 2014 and NHS Barnet CCG in October 2015. The HWBB approved the BCF Plan in January 2015 and the Business Case on 18 September 2014.
- 1.4 The Barnet BCF Plan and Business Case are the culmination of local work on integrated care for frail older people in Barnet and those aged 55 and over with long term conditions.
- 1.5 The Plan and Business Case set out a clear, analytically driven understanding of how the Council will use the BCF together with core services to improve the care provided for this group of people by integrating health and social care services. They have been developed to ensure Barnet will implement a model of integrated care, which has a clear financial and non-financial case for the Council and the CCG, that will enable the Council to meet longer-term aims and challenges.
- 1.6 The BCF Plan and Business Case describe a 5 Tier Integrated Care Model and the projects and schemes of work to deliver it. The model has been developed from the Concordat, consulting and agreeing proposals with key stakeholders in the Barnet health and social care economy. Key stakeholders have included NHS and social care providers, Healthwatch Barnet and the Older People's Partnership board.
- 1.7 The two documents show how investment from section 256 funds, CCG, Public Health and Council adult social care funding will be used to develop and deliver this new model of care. The BCF Plan is a key delivery vehicle for achieving Council Commissioning Plan priorities and savings and CCG Quality, Innovation, Productivity, Prevention (QIPP) savings. Links to the BCF Plan and Business Case are at the end of this report (Section 6 Background Papers).
- 1.8 From April 2015, the Department of Health (DH) requires councils and CCGs to pool their budgets allocated for the delivery of the schemes of work in the BCF Plan. This will enable Council, the CCG and the HWBB to determine investment and work to realise the target benefits and outcomes identified.
- 1.9 Local areas are only able, under BCF regulations, to enter into formal pooled fund arrangements for the BCF once their BCF plans are fully approved. LBB and the CCG are therefore now able to formalise the detailed principles and operational and governance arrangements for the first year of the fund.

Scope

- 1.10 The pooled fund for 2015/16 as detailed in the Plan is £23.4m (rounded). This is not new or additional funding, rather the reallocation of existing service budgets for services to a pooled fund structure.

- 1.11 Table 1 in paragraph 1.15 below breaks down this funding by contribution from LBB and the CCG and by type. £4.20m (rounded) of the £23.4m is allocated for protecting social care, one of the seven national conditions. Existing section 256 spending plans for 2014/15 (£6.634m) as previously agreed by the HWBB will continue in 2015/16, which include costs of running existing integrated care services. The Adult Social Care (ASC) Capital Grant and Disabled Facilities Grant (DFG) are both ring-fenced within the BCF and will continue to be used for their core statutory purpose. The DH has also mandated that part of the BCF is to be used as statutory New Burdens funding for the Care Act. The allocation for this set by the DH for Barnet Council in 2015/16 is £846,000.
- 1.12 As the BCF Plan is implemented, LBB and the CCG will, where appropriate, consider the alignment of other budgets and report them alongside the core BCF fund, in order to review the impact of integrated care delivery against planned benefits (both financial and performance) in acute hospital care and residential care, which are currently outside the BCF fund. This includes an agreed Public Health contribution to the 5 Tier Model for the development of self-care and prevention services.

Pay For Performance

- 1.13 An important element of the pooled fund is the Pay for Performance (P4P) mechanism applied to reducing non-elective admissions (emergency admissions to acute hospital care or NEL) by an agreed target of 1,205 patients by 31 March 2016. This equates to an estimated £2.054m in costs of admissions and is the amount of the fund at risk depending on Barnet's performance against this target.
- 1.14 This portion of the fund is reflected in line 6 (NHS Funding) in Table 1 below in paragraph 1.15. It should be noted that NHS Barnet CCG will receive the full amount of the BCF P4P element (£2.054M) in April 2015, along with the rest of the £23.4M BCF. This will be included in the core CCG funding allocation from NHS England. However, this funding can only be released into the pooled fund by the CCG if Barnet achieves its target reduction in NEL.

1.15 Table 1 – 2015 /16 BCF

	Source	Type	£000
1	LBB	Adult Social Care Capital Grant	806
2	LBB	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

- 1.16 LBB and the CCG will need to monitor and report to NHS England (NHSE) on performance in achieving this target quarterly. If the target is not fully met, the CCG may only release into the fund a directly proportionate amount of the P4P funding. However, this funding will still be available for the CCG to spend. It must be spent in line with NHSE requirements, as detailed in the published BCF Technical Guidance or any other future guidance.
- 1.17 The Council and CCG intend to do everything possible to prevent this risk occurring. For 2015/16, the Council will not enter into any risk sharing arrangement with Barnet CCG in respect of the P4P element, which relates to acute hospital care performance.
- 1.18 As the Council and CCG already have a Section 75 agreement for integrated care, the BCF pooled fund may be established by adding a new Service Schedule for the pooled fund to this agreement through a Deed of Variation. The Deed of Variation will also extend the existing section 75 agreement beyond its current end date of August 2016, to set a more flexible approach linked to the continuation of the BCF by central government. The schedule will detail the operations of the pooled fund as follows:
- The fund will consist of £23.4m of funding for 2015/16 and the Council will host it for reporting and accounting purposes. The breakdown of the funding will be as set out in paragraph 1.15 of this report.
 - The HWBB Finance Group, a constituted sub-group of the Health and Well-Being Board consisting of senior officers from the Council and Barnet CCG, will act as the pooled fund Executive, as required in the national guidance. The HWBB Finance Group will be responsible for monitoring progress in delivering the target benefits and outcomes in the BCF Plan and Business Case, with ongoing oversight of work and spend. The Adults and Health Commissioning Director will support the HWBB Finance Group in the oversight or reporting activities as required. Reports on the BCF will be submitted to the HWBB, the Adults and Safeguarding Committee and the CCG governing body.
 - The schedule will state that the fund may continue into future financial years subject to the continuation of the BCF by the Department of Health (DH). The operating arrangements set out in the schedule will be reviewed after 6 months and in the event that the Council and CCG receive notification of the fund continuing into future financial years. If material changes to the operation and scope of the Barnet BCF pooled budget are recommended by the pooled fund Executive, those changes will be brought to the relevant decision making body for agreement, in line with the schemes of delegation of both the Council and CCG.
 - In the first year LBB and the CCG will be responsible for their own under or over spend against target benefits or outcomes. Both will consider any such event on a case by case basis and reach an equitable solution to rectify any issues that arise as a result.
 - Both LBB and the CCG will seek to achieve the financial benefits attributed to them as described in the BCF Plan and Business Case. The first benefits taken will be agreed CCG QIPP Plans and Council Commissioning Plan targets. These benefits relate to savings from the reduction in NEL for the CCG and reduction in residential care admissions for the Council.

- In the first year budgets in scope will be effectively aligned for the purposes of progressing the delivery of planned schemes of work and for performance monitoring and reporting.
- The pooled fund Executive will review performance in achieving the target reduction in NEL to confirm P4P funding as a result. This will include immediate actions to rectify underperformance and reduce further risks to pooled funds or activities.

1.19 In the first year of operation, officers will:

- Implement a process for tracking benefits delivery
- Continue to investigate longer-term options for sharing benefits to enable continued improvement in care outcomes for Barnet residents.
- Set up the necessary performance monitoring and progress, financial and operational reporting arrangements.

2. REASONS FOR RECOMMENDATIONS

2.1 The Business Case demonstrates that the hypothecated PSR savings of £1m from Adult Social Care budgets (£150,000 in 2016/17; £250,000 in 2017/18 and 2018/19 respectively; and then £350,000 in 2019/20) can be achieved by delivering this programme of work, provided the right level of invest-to-save funding can be made available in the period to allow for people to be treated in the community and in their own homes, outside acute and residential care settings.

2.2 The BCF Plan underlines ambitious plans for transforming and integrating health and social care in Barnet and so lays the foundations for these savings. It explains:

- How schemes contribute to achieving target benefits and outcomes and expected change in activity and financial benefit derived.
- The work being done to maximise the chances of meeting these aims.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 An alternative approach is to do nothing which is not recommended. The Council and CCG need to integrate health and social care services to meet the anticipated needs of frail, elderly people long-term to achieve better outcomes and improve user experience in a financially sustainable way.

3.2 All areas under national policy are required to have a BCF Plan underpinned by a pooled fund for the delivery of greater integration of health and social care services.

4. POST DECISION IMPLEMENTATION

4.1 Work will continue to establish the pooled fund and benefits management arrangements to evidence the successful delivery of the target benefits and outcomes detailed in the BCF Plan and Business Case for Integration.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The BCF Plan and Business Case align with the twin overarching aims of Barnet's Health and Well-Being Strategy 2012 to 2015 (published in October 2012), Keeping Well; and Keeping Independent. There are also clear links with the Barnet Council Corporate Plan, the Priorities and Spending Review, the outline aims of Council 5 year commissioning intentions for adult social care and Barnet CCG 2 and 5 year Strategic Plans. LBB and Barnet CCG will lead delivery of the plan through the Joint Commissioning Unit (JCU) and with Public Health and partner service providers.

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

5.2.1 The BCF Plan and Business Case set out the overall investment required to implement the 5 Tier Model for integrated care and the links between it and published Council commissioning plan proposals and CCG QIPP schemes.

5.2.2 The BCF Plan details the financial contributions proposed from LBB and the CCG that will comprise the pool fund used to integrate health and social care services. The national allocation of BCF to Barnet for 2015/16 is £23.4 million (rounded), detailed in Table 1 in paragraph 1.15. This is not new or additional funding, rather the reallocation of existing service budgets for services to a pooled fund structure.

5.2.3 The Business Case instead considers the totality of local spend on older people with physical frailty and/or long terms conditions, amounting to a total of £136.5 million across health and social care, with £77.9 million forming the core spend within the model (divided between 46% Council spend and 54% CCG spend) and £58.6 million of 'influence-able' spend. Influence-able spend is money spent in the acute health care and nursing care sectors, where it is anticipated that savings will be made as a result of activity reductions arising from the impact of the integrated care model. All Council adult social care spend on older people, both direct care costs and staffing, has been included in the £77.9 million core spend.

5.2.4 The majority of the savings will be made within acute hospital spend. It should be noted that due to acute health care payment rules (Payment by Results or PBR), strong commissioning will be required to deliver the savings in reality. Ongoing work between senior leaders in the Council and the CCG to consider how to make sure this occurs gives the Council the opportunity to appraise options to increase the size of the pooled fund to include higher levels of adult social care spend. Further proposals on this will be brought to Committee in the future as appropriate.

5.2.5 The majority of pooled funding for the first year comes from section 256 and NHS funding. It includes funding for core services and demand pressures, alongside that used for investing in the projects and services described.

- 5.2.6 The business case shows that planned initiatives are estimated to deliver a net annual recurring benefit to budgets of £5.7m by 2019/20. This is a result of £4.1m additional revenue expenditure per year, generating £9.8m per year of financial benefits (savings) across acute hospital and care home services. There are also one-off investments upfront totalling £1.4m.
- 5.2.7 The £5.7m in benefits realised includes £3.1m QIPP savings for Barnet CCG QIPP savings, £1m Commissioning Plan savings for the Council plus £1.6m in other savings for both organisations across the delivery of integrated services.

5.3 Legal and Constitutional References

- 5.3.1 In 2015/16 BCF (the fund) will be allocated to local areas, placed into pooled funds under joint governance arrangements detailed in section 75 Agreements for integrated care between CCGs and councils. Section 75 of the NHS Act 2006, provides for CCGs and local authorities to pool budgets.
- 5.3.2 A condition of accessing the fund is that CCGs and councils must jointly agree plans for investing the money, which must meet certain requirements. The fund will be routed through NHS England to protect the overall level of health spending and ensure alignment with wider NHS funding arrangements.
- 5.3.3 The Department of Health (DH) will use the NHS Mandate for 2015/16 to instruct NHS England to ring-fence its contribution to BCF and ensure it is deployed in specified amounts locally for CCGs and councils to use in pooled budgets.
- 5.3.4 The DFG is included to incorporate the provision of adaptations into strategic considerations and planning of investment to improve outcomes for service users. DFG will be paid to upper-tier local authorities in 2015/16. However, the statutory duty on local housing authorities to provide DFG to those who qualify for it will remain. Therefore each area will have to allocate DFG funding to their respective housing authorities (district councils in two-tier areas) from the pooled budget so they can continue to meet their statutory duty to adapt the homes of disabled people, including for young people aged up to 17.
- 5.3.5 DH and the Department for Communities and Local Government (DCLG) will also use Section 31 of the Local Government Act 2003 to ensure DH Adult Social Care capital grants (£134m) will reach local areas as part of the fund. Relevant conditions will be attached to these grants so that they are used in pooled budgets for the purposes of the fund.
- 5.3.6 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

5.3.7 The responsibilities of the Policy and Resources Committee are contained in the Council's Constitution - Section 15 Responsibility for Functions (Annex A). Specific responsibilities for those powers, duties and functions of the Council in relation to Policy and Resources include:

- Being responsible for the overall strategic direction of the Council.
- Ensuring the effective use of resources and Value for Money.
- Considering and taking any necessary action upon proposals for new legislation likely to affect the interests of the Borough or its inhabitants generally where not the specific concern of any other committee(s).

5.4 Risk Management

5.4.1 The delivery of the schemes of work funded through the pooled fund will be delivered by LBB and CCG using recognised commissioning and programme and project management methodologies and governance arrangements.

5.4.2 This includes clear processes to identify and report on and manage individual or aggregated risks through Council and CCG risk management processes.

5.4.3 Specific risks relating to BCF are included in the BCF Plan and the Business Case with detailed mitigating actions. These are monitored regularly in line with said governance arrangements and processes.

5.5 Equalities and Diversity

5.5.1 It is mandatory to consider Equality and Diversity issues in decision-making in the Council, pursuant to the Equality Act 2010. This means the Council and all other organisations acting on its behalf must have due regard to the equality duties when exercising a public function.

5.5.2 The broad purpose of this duty is to integrate considerations regarding equality and good relations into day to day business, requiring equality considerations to be reflected into the design of policies and the delivery of services and for these to be kept under review.

5.5.3 The specific duty set out in S149 of the Equality Act is to have due regard to need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

5.5.4 Relevant protected characteristics are – age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

5.5.5 Health partners as relevant public bodies must similarly 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.

5.6 Consultation and Engagement

5.6.1 To develop the 5 Tier Model for integrated health and social care, the Council and CCG have engaged with residents, commissioning and provider partners and voluntary sector groups across three areas:

- To validate the outcomes, modelling and other elements of direction of travel described in the business case.
- To co-design and develop the detailed care model and services that will deliver our target outcomes and vision for integrated care.
- To test a variety of ideas addressed in the case at forums such as the residents' consultation facilitated by 'Healthwatch' and the Older Peoples Partnership Board.

5.6.2 The approved BCF Plan details all public engagement with patients or service users as well as with providers to define the schemes of work to be managed through a pooled budget arrangement.

6. BACKGROUND PAPERS

6.1 Part 1 of the Final Barnet BCF Plan approved by NHSE on 6 February 2015 was presented to the HWBB on [29 January 2015](#) prior to submission to NHS England on 9 January 2015. Part 2 of the Plan is available for inspection on request from the officers listed on the front page of this report.

6.2 It was submitted to NHS England in accordance with the nationally mandated timescales on 4 April 2014. The first full Plan for submission was submitted to Adults and Safeguarding Committee on [02 October 2014](#). BCF Guidance and Planning was provided in a letter dated 25 July 2014, [NHS England Publications Gateway Ref No. 01977](#).

6.3 The draft Business Case for the integration of health and social care services was submitted to the Adults and Safeguarding Committee on [02 October 2014](#). The final Business Case was approved by Council on [4 November 2014](#).

6.4 Cabinet agreed to enter into a section 75 agreement for integrated health and social care on [18 July 2013](#).