Manchester City Council
Report for Resolution

Report to: Health Scrutiny Committee – 8 December 2016

Subject: Budget 2017-2020

Report of: Strategic Director (Adults), Joint Director of Health and Social Care Integration, Director of Public Health and City Treasurer

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Summary

At its November meeting, the Committee considered the Adult Social Care and the Locality Plan and requested further information on a number of key areas underpinning the overall approach to Health and Social Care Integration in Manchester. This information, and a summary of the current financial position and budget process, is set out in this report.

Recommendations

The Committee is asked to consider and make recommendations to the Executive on the overall approach to Health and Social Care Integration as it relates to the achievement of c£27m savings over the next three financial years.

Wards Affected:

All

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Appendices:

Directorate Budget Reports and Savings Options

Appendix 1 Directorate Budget Report – Adults Services
Appendix 2 Locality Plan Financial Report – Closing the Funding Gap 2017/21

Further Information

Appendix 3: Manchester Locality Plan – Investment and Reform
Appendix 4: Public Health Spending
Appendix 5: Investment in community resources and voluntary sector

1. Overview

1.1 At its meeting on 8 November, the Committee received details of the Council's anticipated financial position for the period 2017/18 to 2019/20, which outlined a potential budget gap ranging from £40m to £75m (as reported to Executive in October). The need for such a range was due to uncertainty around elements of available resources and the potential need to address further risks, pressures and priorities.

1.2 The Medium Term Financial Plan was prepared on the basis of the best estimate available in October which included a number of assumptions and it indicated a savings requirement of around £60m for the period 2017/18 to 2019/20 with the final position subject to confirmation of Government funding and overall revenues available to Council.

1.3 Also presented to the November meeting were a number of savings options put forward by officers to address the budget gap which totalled c£58m as well as the detailed feedback from the budget conversation which took place between July and September 2016.

1.4 The Autumn Statement was published on 23 November. Forecasts by the Office for Budget Responsibility (OBR) have worsened since the March budget. For public sector finances the projected Departmental Expenditure Limit (DEL) across the Spending Review Period 2016/17 to 2019/20 has reduced by £70.8bn from that stated in the March budget 2016[1]. Whilst there were some announcements on investment in infrastructure, there was no further indication on levels of government department or local authority spend or announcements that impact on any of the budget assumptions the council has made. It also failed to set out any measures that would address the growing pressures being felt across the country on social care.

2 The Financial Position 2016/17 to 2019/20

2.1 The Government made an offer of a four-year settlement for the period 2016/17 to 2019/20 with the provisional figures being issued as part of the 2016/17 Finance Settlement. The City Council made the decision in July this year to accept the offer and, in accordance with the requirements of the Department for Communities and Local Government (DCLG), published an Efficiency Plan on 14 October which covered the settlement period. The published plan is part of a suite of reports which includes the covering narrative (available at http://www.manchester.gov.uk/eps) and the budget reports presented to Executive in October. DCLG have since approved the four year settlement for the City Council.

2.2 The Medium Term Financial Plan has been prepared on the basis of the best estimate at this point in time and based on a number of assumptions. It indicates a savings requirement of around £60m for the period 2017/18 to

[1] Individual DELs are not provided in the Statement and therefore it is not possible to confirm the detail behind the position.

2019/20. The final position will be subject to confirmation of Government funding and overall revenues available to Council.

2.3 The current forecast position also assumes the full year effect of savings agreed for 2016/17 are delivered and these are included within the figures below. The total additional full year effect of savings included for 2017/18 are £3.326m with a further £1.864m in 2018/19. The overall financial position is summarised in the table below.

Table 1: Resources Requirement against Resources Available 2016/17 to 2019/20

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Resources Available				
Revenue Support Grant	113,768	90,151	73,740	57,041
Business Rates	168,655	170,357	177,143	184,766
Council Tax	136,617	140,681	147,716	157,450
Public Health Funding and Non-Ringfenced Grants	78,128	76,728	81,085	89,066
Dividends and Use of Reserves	31,348	31,337	29,337	29,337
Total Resources Available	**528,516**	**509,254**	**509,021**	**517,660**
Resources Required				
Corporate Costs:				
Levies/Charges, Contingency and Capital Financing	122,504	127,557	130,404	131,394
Directorate Costs:				
Directorate Budgets (including 2016/17 pressures and inflationary budgets yet to be allocated, and other costs such as additional allowances, other pension costs and insurance)	406,012	417,136	433,144	446,286
Total Resources Required	**528,516**	**544,693**	**563,548**	**577,680**
Total Savings Required (Current Estimate)	**0**	**35,439**	**54,527**	**60,020**
In Year Savings required	**0**	**35,439**	**19,088**	**5,493**

2.4 Officers have put forward a range of savings options to meet the budget gap, which include efficiencies as well as savings which can only be achieved through service reductions. These options have been informed by the feedback that the Council received from the budget conversation which took place from the end of July up to September. Overall the options submitted by each Directorate total c£58m and are in addition to the £5.2m full year effect savings put forward as part of the 2016/17 budget process which is already included in the base position. The savings options, which are broadly in line

with the anticipated level of savings to be achieved over the three year period, are summarised by Directorate in the following table:

Table 2: Savings Options

	2017/18	2018/19	2019/20	Total	*FTE Impact (Indicative)*
	£,000	£,000	£,000	£,000	
Current estimate of savings requirement	**35,439**	**19,088**	**5,493**	**60,020**	
Children's Services	3,357	2,143	1,199	6,699	*35*
Adult Services	17,980	6,534	2,550	27,064	-
Corporate Core	7,585	3,757	2,846	14,188	*90*
Growth and Neighbourhoods	2,232	1,677	5,532	9,441	*32*
Strategic Development	400	-	-	400	*4*
Total Savings identified in latest schedules	**31,554**	**14,111**	**12,127**	**57,792**	***161***
Shortfall against current estimate	**3,885**	**4,977**	**(6,634)**	**2,228**	

2.5 It is assumed that that the Locality Plan work will identify how the full gap in the Manchester Health and Social Care economy is closed and agreement is reached on how investment is deployed to support the new care models across the medium term.

2.6 There will continue to be an ongoing review of how the resources available are utilised to support the financial position to best effect. This will include the use of reserves and dividends, consideration of the updated Council Tax and Business Rates position, the financing of capital investment and the availability and application of grants.

3. Further Information for Health Scrutiny Committee

3.1 The appendices to this report provide further detail on the development of specific elements of the Locality Plan and cover:

- Manchester Locality Plan – Investment and Reform
- Public Health Spending
- Investment in community resources and voluntary sector

3.2 The Committee is requested to consider this further information alongside the Directorate papers on Adult Services and the Locality Plan also attached and comment on the overall approach and where necessary making recommendations to the Executive as part of the budget process.

4. Timetable and Next Steps including Consultation

4.1 Consultation on officer budget options commenced on 3 November 2016 and this first phase will run until 15 December, when consultation will be paused to ensure that feedback is received by the Executive when it publishes its draft budget proposals.

4.2 Statutory consultation on two of the options – Reconfiguration of the Early Years new Delivery Model including Sure Start Centres and the Council Tax Support Scheme also started on 3 November and will end on 10 January and 15 December respectively.

4.3 The phases of consultation are summarised in the table below:

Phase 1	21 July – 16 September	Budget Conversation
Phase 2	3 November – 10 February	Budget Consultation: Early November to Early January: have your say on budget options Early January to Early February: have your say on budget proposals Statutory Consultation on Council Tax Support Scheme (ends 15 December) Statutory consultation on Early Years New Delivery Model Reconfiguration (ends 10 January)
Phase 3	3 March onwards	You said, we're doing…explaining the outcomes and impact of the consultation process, reflecting back on what we hear

4.4 The Executive will agree its draft budget proposals at its meeting on 11 January. When agreeing these proposals, the Executive will consider comments and feedback received as part of the first phase of the Budget Consultation on officer options, as well as recommendations made by the six Scrutiny Committees in December. A further analysis of the Council's financial position will also be undertaken after the release of the Government's Autumn Statement and publication of the Local Government Finance Settlement (normally received December). This alongside further work, including that to determine the Council's business rates and council tax base, will provide clarity on the resources available and savings the Council needs to achieve over the three year budget period.

4.5 The Executive's draft budget proposals, as set out in Directorate Budget and Business Plan reports and accompanying Delivery Plans will then be scrutinised by each of the six Scrutiny Committees at their meetings on 31 January - 2 February 2017. The recommendations from these Scrutiny

meetings will be submitted to the Executive when it agrees the final budget proposals on 8 February 2017. The Resources and Governance Overview and Scrutiny Committee will then consider the results of the budget consultation on 20 February before Council sets the budget on 3 March 2017.

4.6 The table below summarises the budget time line and key milestones.

Date	**Milestone**
2016	
23 November	Autumn Statement
6-8 December	Scrutiny Committees consider any further detailed information requested at their November meetings and make recommendations to the Executive
15 December	General Budget Consultation pauses Statutory Consultation on Council Tax Support Scheme ends
Early-Mid December	Anticipated publication of local government finance settlement
2017	
3 January	Executive's Draft Budget Proposals Published General Budget Consultation resumes
11 January	Executive agrees final draft budget proposals taking into account feedback and comments received from the Budget Consultation to date and recommendations made by Scrutiny Committees in November.
31 January – 2 February	Scrutiny Committees scrutinise the Executive's draft Budget proposals and make recommendations to the Executive's budget meeting on 8 February
8 February	Executive agrees final budget proposals
10 February	General Budget Consultation Closes
20 February	Resources and Governance Budget Scrutiny Meeting to consider final outcomes of the budget consultation
3 March	Council sets the budget for 2017/18 – 2019/20

Manchester City Council
Report for Resolution

Report to: Executive – 19 October 2016

Subject: Directorate Budget and Savings Options 2017–20: Adult Social Care

Report of: Strategic Director Adult Social Services
Joint Director Health and Social Care Integration

Summary

This report provides the high level budget context and priorities for Adult Social Care and Public Health across 2017-20 and the feedback from the budget conversation, which has been used for the development of savings options 2017-20 and investment requirements to fund population driven and other budget pressures. This report should be read in conjunction with the Locality Plan report elsewhere on the agenda.

Recommendations

The Executive is recommended to note the savings options and investment priorities detailed in the report.

Wards Affected: All

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Supporting the Corporate Core in driving forward the growth agenda with a particular focus on integrated commissioning and delivery which will focus on utilising available resources effectively and developing a diversity of providers including entrepreneurs and social enterprises. This will provide opportunities for local jobs
A highly skilled city: world class and home grown talent sustaining the city's economic success	Integrated commissioning will focus on utilising available resources to connect local people to education and employment opportunities, promoting independence and reducing worklessness. Working with schools to engage and support our communities.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The focus is on changing behaviours to promote independence, early intervention and prevention, the development of evidence-based interventions to inform new delivery models integration with partners where appropriate.

Manchester Strategy outcomes	Summary of the contribution to the strategy
A liveable and low carbon city: a destination of choice to live, visit, work	Development of integrated health and social care models and local commissioning arrangements that connect services and evidence-based interventions to local people and enable families and their workers to influence commissioning decisions aligned to locally identified needs. Schools as community hubs playing an essential role in reaching out to communities and leading early intervention and prevention approaches at a local level
A connected city: world class infrastructure and connectivity to drive growth	N/A

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences - Revenue

The options set out in this report will be used to inform the development of the Executive's budget consultation and draft Medium Term Financial Strategy.

Financial Consequences - Capital

The capital investment plan for extra-care schemes and the Learning Disability Supported Housing Accommodation Investment Project is included within the capital programme.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

GM Strategic Plan – Taking Charge of Our Health and Social Care
Manchester Locality Plan

1.0 Introduction

1.1 This report provides a high level overview of the priorities to be delivered in Adult Social Care and Public Health within the Children and Families Directorate in 2017-20. This report should be read in conjunction with the Locality Plan report elsewhere on the agenda.

1.2 The report sets out the savings options for the Directorate in the context of its objectives and broader changes to deliver them. Taken together, this report and the report on the Locality Plan show how the Directorate will work together and with Health partners to make progress towards the vision for Manchester set out in the Our Manchester Strategy and through the Health and Wellbeing Strategy.

2.0 About the Directorate

2.1 The Directorate for Children and Families is responsible for social care services for children and families, public health, and for education, skills and youth services, with statutory responsibilities for safeguarding children and adults.

2.2 In line with the priorities of the Our Manchester Strategy, the Directorate is focused on helping people who have to rely more than most on targeted and specialist services to make the changes in their lives which will see them become more independent. There is a need to ensure that every child has the best possible start in life and that everyone in the city has the same opportunities, life chances and potential to lead safe, healthy happy and fulfilled lives. Connecting people to the economic growth of Manchester by helping them overcome the barriers to training and jobs is key to this.

2.3 In doing this, public services need to be radically transformed so they are focused around people and communities rather than organisation silos. The Directorate is working across traditional organisational boundaries to bring innovation and new ways of working to the fore.

2.4 Alongside this, Manchester's Locality Plan sets the vision to radically transform Health and Social Care services. The plan, which is jointly owned by a range of partners, sets out a shared ambition of integrated place-based working and commissioning in health and social care.

2.5 Within the wider Directorate, the key vision for Adult Social Care has been set out in the Greater Manchester (GM) vision for transforming Adult Social Care. This forms an integral part of realising the vision set out in 'Taking Charge' to achieve a radical upgrade in population health through investment in community based services, standardising acute health care and streamlining support services. The Health and Wellbeing Strategy sets the agenda across Health and Social care and is key driver for transformation across the system.

3.0 Context for Adults Social Care

3.1 Health and Social Care services, particularly those related to people with disabilities and mental health issues, have been identified by Manchester citizens through the recent Budget Conversation as of high importance to them (more details set out below and elsewhere on the agenda). This is alongside a focus on homelessness.

3.2 The focus for Adult Social Care and Public Health is on the integration of commissioning and services through the three pillars, set out elsewhere on this agenda, which will deliver better outcomes for Manchester citizens and a sustainable system.

3.3 Our ambition in line with the GM transformation programme and Our Manchester is to employ a **co-production** approach, engaging stakeholders across health and care:

- Move to an asset based model that draws on the whole range of personal, family and community resources to **maximise independence and resilience**;
- Invest in prevention to reduce the **need for acute interventions** and long term treatment;
- **Redefine the deal with the citizens** so that contacts with services become self service and enable people to organise their own care and support, and ensure that assessments are common, trusted and portable across Greater Manchester;
- Design and commission a **new model of care at home** in partnership with service users, providers and investors;
- Focus residential and nursing care on those who can really benefit from it and creating centres of excellence in care that **maximise independence and reduce the call for hospital admission**;
- **Support Carers** by creating a Greater Manchester offer to provide consistent advice and support to local and condition based career organisations and integrating all funding and support to Carers;
- Work with employers, educational institutions and professional organisations to strengthen the recruitment, retention, skills and **stability of the social care workforce**; and
- **Transform services** for people with learning disabilities to provide access to inclusive local services for people with complex needs.

3.4 The focus for Adult Social Care in Manchester is to have an integrated approach to assessment through neighbourhood care teams with health partners. There will be virtually no waiting times for an assessment as there will be a Trusted Assessor model of delivery – meaning that any relevant competent health or social care professional will be able to undertake a social care assessment and be well trained to do so. The need for face to face assessments will be reduced by offering more technological solutions to help yourself, where online questionnaires will help citizens navigate to solutions

and people can directly access community assets that do what they are looking for once the citizens portal goes live in April 2017.

3.5 Through integrated health and social care, the Council and partners will achieve a 20% shift of resources from hospital to community services so that more people can be supported in their own homes, rather than hospital. There will be more locally-based rapid response and high impact services that can intervene earlier to help people who are poorly from deteriorating further and therefore requiring acute or residential care.

3.6 There will be more community assets and communities will be more Age-Friendly and Dementia-Friendly. The City will have at least three more large Extra Care Housing schemes to cater for older people who seek retirement housing with the option for on-site care. There will be a reduction in people dying in hospital and more people dying in their preferred place of choice, preferably at home.

3.7 Public Health

A vision has been set out for the people of Manchester where;

- Every child is offered the support he or she needs through a framework of "progressive universalism". Children are enabled to meet developmental goals, supported by a loving family and secure attachments, so that they enter school ready and able to learn, make friends and flourish. Services promote positive health behaviours such as breastfeeding, immunisation and a healthy diet;

- Adults are able to support themselves and live healthy lifestyles in gainful employment and in stable households. People are living in strong, supportive social networks in areas of high social capital. Where people have specific needs for support, these should be understood and services should be established to provide the relevant support based on clear needs assessments; and

- People have a healthier older age, live in age friendly environments, and are able to continue to contribute to society in the ways they wish. The role of public health in addressing the underlying causes of ill health is increasingly important as the scale of public services reduce. Lifestyle factors such as poor diet, physical activity, smoking and excess alcohol need to be tackled in the context of socioeconomic determinants of health, such as, employment, income and housing. There is also a need to develop the social networks and connectedness (social capital), that have benefits for health and wellbeing and economic growth.

3.8 Early intervention and prevention services, guided by public health priorities will improve the life chances of adults living in the City and address health inequalities. People will be safeguarded from harm and abuse and wellbeing will be at the heart of everything the authority does for citizens.

3.9. The voluntary and community sector will continue to play a large role in creating neighbourhoods where people want to live and supporting communities that may be more dispersed but face particular challenges or exclusion.

4.0 Directorate Budget

4.1. The current Directorate budget for 2016/17 is summarised in the table below.

Service Area	2016/17 Gross Budget	2016/17 Net Budget	2016/17 Budgeted Post (FTE)
	£,000	£,000	
Adults	172,458	125,396	1,246
Back Office	4,889	4,567	152
Public Health	28,663	27,805	42
Total	**206,010**	**157,768**	**1,440**

4.2 The budget 2017-20 by business area is provided at **Appendix A**. The approved adjustments to the current base budget reflect:

(i) The full year effect of the savings proposals implemented in the 2016 process, detailed below, covering extra care, home care and a review of line management and assessment functions (2017/18 £1.065m, 2018/19 £1.814m).

This reduces the 2016/17 net budget from £157.768m to £156.703m in 2017/18 and £154.889m in 2018/19.

4.3 Savings Proposals: 2016 Full Year Effect (£2.879m)
These proposals outline the full year effect of savings implemented in 2016/17 and already built into the budget for the Directorate. In relation to Extra care and homecare, investment proposals are included within the bid to the Greater Manchester Transformation Fund detailed in the Locality Plan finance report elsewhere on the agenda.

	2017/18 £'000	2018/19 £'000	2019/20 £'000
Extra care	473	1,347	1,820
Line management and assessment functions	125		125
Homecare	467	467	934
Total	**1,065**	**1,814**	**2,879**

(i) Extra care (£1.820m) - the Council has a capital investment plan for extra-care and the intentions are set out in the Locality Plan with an additional 295 beds in Manchester in detailed planning and a further 500 proposed by 2019. The savings reflect the cost benefit analysis work undertaken;

(ii) Review of line management and assessment functions (£0.125m), note this replaces the review of City Wide services; and

(iii) Home care (£0.934m) – employing enhanced care workers, taking on a range of additional tasks currently undertaken by other professionals, the new service will be an integral part of wider system and multi-disciplinary team delivery, using a strengths and asset based approach, to increase independence and reduce demand on it's own service. Strengths-based practice is a collaborative process between the person supported by services and those supporting them, allowing them to work together to determine an outcome that draws on the person's strengths and assets. Modelling work indicates that a 5% saving should be achievable.

4.4. Since 2015/16, the City Council and Manchester Clinical Commissioning Groups (CCGs) have operated a pooled fund, under a Section 75 agreement, to hold the resources (£38.586m revenue) included within the Better Care Fund (BCF). The BCF was established by Government in 2015/16 to provide identified funds to local areas to support the integration of health and social care. All local authorities and their partner Clinical Commissioning Groups (CCG's) are required to pool their BCF funding allocations and to prepare a delivery plan to implement specific national conditions in relation to integration, including a requirement to set a 3.5% target for reducing non-elective admissions. From 2016/17, the pooled fund was expanded to include budgets covering One Team (Neighbourhood teams, Intermediate care and Re-ablement), increasing the recurrent revenue resources to £80.047m, as summarised in the table below.

Pooled Fund	**CCGs £'000**	**Council £'000**	**Total £'000**
Adult NHS Community Health and Adult Social Care (including NHS Social Care and Care Act funding)	58,874	6,004	64,878
Community Assessment and Support	9,797	2,124	11,921
Non-elective risk reserve	3,248		3,248
Sub-total	**71,919**	**8,128**	**80,047**
Social care transfer	-12,430	12,430	0
Care act transfer	-1,533	1,533	0
Total pooled fund	**57,956**	**22,091**	**80,047**

4.5. The intention to expand the pooled fund significantly from 2017/18, detailed in the Locality Plan, is considered a key enabler to fully integrating health and social care, securing financial sustainability and provides the mechanism for funding to flow around the whole health and social care system, to invest in community based services and allow savings to be released through reducing the City Council's contributions into the pool year-on-year. The detailed mapping of service budgets into the proposed pooled fund from 2017/18 is detailed in the Locality Plan financial report.

4.6. The build up of the City Council's component of the Locality Plan financial gap includes assumed funding for additional costs to support a growing population and implementation of the national living wage. It also factors in estimated additional resource from the new Better Care Fund and the council tax 2% precept. Finally it includes a share of the assumed budget gap and reduction in overall resources available to the Council. In total, the financial gap is £22m in 2017/18 rising to £38m by 2019/20. This includes the position for Adult Social Care and Children's Services.

4.7. The expected reduction in the City Council's contribution into the pooled fund is currently set to be in line with this financial gap. However, £56.8m of City Council's services relating primarily to children's social care, safeguarding and homelessness, included within the locality financial model budget gap build up, have been deemed out of scope from the Locality Plan reform pillars in the first year (subject to review in future years). The proposed reduction to the City Council's contribution to the pooled fund should therefore be adjusted to discount the element of the gap relating to out of scope services which is £4.2m in 2017/18 rising to £11.3m 2019/20. The indicative remaining reduction in the City Council's contribution is £18.0m rising to £27.1m respectively as per the table below:

Locality Plan Financial Gap	**2017/18**	**2018/19**	**2019/20**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
In-scope	17,980	6,534	2,550	27,064
Out of Scope	4,279	3,515	3,575	11,370
	22,259	**10,050**	**6,125**	**38,434**

5.0 Budget Priorities

5.1 Budget Conversation – What residents want from our services

As part of the Our Manchester strengths based approach, local residents and businesses were asked about the services and places they valued and used in the City and asked about how they and their communities could contribute. Residents were asked to rank which services are most important to them. There were 2,015 responses, and services delivered by Adults Services scored highly.

	Rank
Education	1
People with disabilities and mental health problems	**2**
Emptying bins, waste disposal and street cleaning	3
Children in care and family support	4
Keeping neighbourhoods safe and successful	5
Fixing roads, street lights and parking	6
Regenerating the city, creating jobs and improving skills	7
Making Manchester healthier and more active	**8**
Parks and open spaces	9
Culture, arts, events and libraries	10

Making sure benefits are paid fairly, and collecting council tax and business rates	11
Leisure centres and sports	12

A number of respondents also mentioned other services they felt were important. Health and social care was the second most mentioned service with 115 mentions, support for the voluntary and community sector had 73 mentions, and homelessness had 56 mentions.

5.2 Many respondents indicated that they wanted to see additional investment to prevent homelessness and work with those who are homeless.

5.3 Other comments made by respondents to the survey, relevant to the directorate include:

- "If children have a good education, place to play & practice sport then society will be healthier."
- "Services for the elderly are very important to me and not many people know how to access them. With an ageing population very little is done for them and more is needed to keep them healthy."
- "I actually feel the above are all equally important. Yes, mental health care is more essential than leisure centres, but then again sports facilities are vital to mental health patients. I suggest reducing all 12 approximately equally and sensitively, if possible."
- "Vulnerable people should get priority
- "Mental Health for students and young adults is very important as these are people who are at risk due to the rapidly changing nature of their lives."
- "If all the carers stopped caring the council would be in deep water. Start looking after carers, they are the most important people in the city."

5.4. With regard to the budget conversation about what services are important to them, Manchester citizens outlined the importance of both mental health and disability services. The Council, alongside colleagues in the CCGs have worked hard to ensure that mental health is a priority for Greater Manchester Devolution and have helped to shape the new GM Mental Health Strategy. Furthermore, a new provider of mental health services has been appointed for the city, Greater Manchester West, who will be focusing on access to physiological therapies and early intervention.

Work has been carried out with disabled people, families and disabled people's user led groups as well as other stakeholders to bring together a new All Age Disability Strategy. Work will continue to ensure that the city is a leading light in driving forward improvements for people with a disability.

Increasing the physical activity levels of Manchester residents is a public health priority. Significant health and clinical benefits are gained by an inactive person, currently doing no physical activity, starting to do even a little. Opportunities will be promoted for residents to make the best use of our local parks and outdoor spaces as well as community resources and leisure facilities. There are programmes designed to appeal to all ages and many of these are free or very low cost. There are also specific services for people with chronic health conditions to help with their rehabilitation. Finally there will be more of a focus on active travel to encourage more walking and cycling as people go about their daily business.

5.5. Directorate Priorities

Together with the other Directorates of the Council, Children and Families Directorate will deliver the shared vision and objectives set out in Our Manchester.

As set out in section 3, the key areas of focus for Adults Services based on principles of co-production, are as follows:

- Improve and transform mental health services to ensure they are more accessible and focus on early intervention
- Move to an asset based model that draws on the whole range of personal, family and community resources to maximise independence and resilience. This is linked to the All Age Disability Strategy and Age Friendly Manchester
- Work with people who have experience of homelessness, the Voluntary and Community Sector, Registered Providers, Faith Groups as well as statutory bodies to deliver the pledges within the Homelessness Charter.
- Invest in prevention to reduce the need for acute interventions and long term treatment;
- Redefine the deal with the citizens so that contacts with services become self service and enable people to organise their own care and support, and ensure that assessments are common, trusted and portable across Greater Manchester;
- Design and commission a new model of care at home in partnership with older people, people with disabilities, stakeholders and providers;
- Focus residential and nursing care on those who can really benefit from it and creating centres of excellence in care that maximise independence and reduce the call for hospital admission;
- Support Carers by creating a Greater Manchester offer to provide consistent advice and support to local and condition based career organisations and integrating all funding and support to Carers;
- Work with employers, educational institutions and professional organisations to strengthen the recruitment, retention, skills and stability of the social care workforce;

- Transform services for people with learning disabilities to provide access to inclusive local services for people with complex needs;
- Ensuring citizens who access the council's services are linked to growth and work opportunities in the city; and
- Continue with the reform of public health that creates heath enhancing work, places and communities and enables citizens to tackle the causes of ill-health and poor wellbeing early and successfully.

6.0 Delivery of Objectives and Savings

Directorate Budget Position and Pressures

6.1 The Directorate's financial context for the budget setting period 2017–20 includes continued demographic pressures, more people are living longer, with more complex needs and an increased number of young people with learning disabilities transitioning from children services into adult social care. The provider market is fragile with significant concerns around financial viability and the labour market and there is a significant cost impact arising from the implementation of the National Living Wage, with the prospect of further pressure as the City Council begins to prepare to negotiate with providers to adopt the Manchester Living Wage.

6.2 The City Council's draft financial plan provides for £11m of demographic and other pressures funding for children and families over the period 2017–20. For 2017/18, there are continuing demand pressures on social care budgets of £5m including learning disabilities, mental health and homelessness. A further £1m remaining from 2016/17 budgets to be allocated will also be used to fund the full year effect of costs pressures on budgets for homelessness and mental health bringing the total to £6m. This is split with £5.585m for Adult Social Care and £0.415m for Children's Services in 2017/18, rising for population changes thereafter. The budget pressures schedule, including demographics is attached at **Appendix C** and summarised in the table below. Further detail on the individual key budget pressures is also outlined in detail below.

	2017/18 £'000	**2018/19 £'000**	**2019/20 £'000**
Homelessness	1,500	1,750	2,000
Mental health	1,950	2,700	3,450
Learning disabilities	2,135	3,720	5,305
Total	**5,585**	**8,170**	**10,755**

Note the total funding allocated to demographics, the National Living Wage and the central provision for pay and price inflation broadly aligns with the additional resources expected from the Improved Better Care Fund and social care precept.

In 2016/17, it was assumed that the demographic pressures for residential, nursing and home care would be mitigated by new care models and this needs to be tested again for the period 2017–20, and no funding has been allocated at this stage.

6.3 Homelessness

The current homeless system within Manchester across both in-house and commissioning services is experiencing increasing pressure of new presentations and existing numbers of complex cases already accommodated that we struggle to move-on. The system is responding to numbers of homeless people with complex needs that it was not designed to cope with; this has made the system reactive and is leading to driving up the budget pressures for the service specifically around usage of B&B accommodation to avert immediate hardship and to protect the most vulnerable. This has resulted in the service placing people in bed and breakfast accommodation. The increase in clients, both families and singles, together with the financial impact, over the period 2014/15–2016/17, is shown in the table below. The forecast budget deficit for 2016/17 is approximately £1.5m. A linear growth in numbers across 2017–20 would in theory increase the deficit by a further £3.5m and the service is struggling to identify accommodation for current client numbers. The following actions are being taken by the service:

- Ensure move-on plans in place for all B & B occupants;
- Ensure move-on plans in place for all residents in Woodward Court and Shared Houses;
- Implement 'homeless at home' option for all applicants;
- Work with Strategic Housing re bringing bedsits back into use; and
- Work with social workers re complex cases.

Average Monthly Client Number	Budget (£'000)	Cost (£'000)	Income (£'000)	Total (£'000)	Deficit (£'000)
2014/15: 30 families and 21 singles	388	1,023	-310	713	325
2015/16: 26 families and 62 singles	548	1,660	-530	1,130	582
2016/17: forecast 4 families and 99 singles	423	2,725	-790	1,935	1,512

It is proposed to allocate £1.5m from additional resources to address the underlying budget deficit with a requirement to manage to this cash limit in 2017/18 and a further £0.250m per annum 2018-20 on a capped basis for further demographic increases.

6.4. Mental Health

The number of clients has increased from 572 in 2014/15 to 657 in 2016/17 as shown in the table below. The cost of care packages arising from the increase in clients and increase in provider fee rates has exceeded demographic growth (£0.073m, 2015/16 and £0.600m, 2016/17) allocated to the budget and

the forecast overspend is £1.7m at period 4, 2016/17. The increase in clients is being driven from factors including earlier discharge from independent hospitals, Care Act 2014 and decommissioning of Community Living. If client numbers continue to increase in line with growth 2014-17, the total number of clients will increase to 780 by 2019/20 adding up to a further £2m of cost.

Under 65s	**2014/ 15**	**2015/ 16**	**2016/ 17**	**2017/ 18**	**2018/ 19**	**2019/ 20**	**Weekly rate £**
Nursing Home	58	59	66	70	74	78	631.05
Residential Home	122	135	133	139	145	151	551.25
Supported Accommodation	129	136	138	143	148	153	306.60
Home Care	108	116	124	132	140	148	105.63
Other	22	32	37	41	45	49	
Total	**439**	**478**	**498**	**525**	**552**	**579**	
Over 65s							
Nursing Home	50	56	57	61	65	69	589.00
Residential Home	83	100	102	112	122	132	471.00
Total	**133**	**156**	**159**	**173**	**187**	**201**	
	572	**634**	**657**	**698**	**739**	**780**	

It is proposed to allocate £1.950m from additional resources to address the underlying budget deficit with a requirement to manage to this cash limit in 2017/18 and then £0.750m per annum 2018-20 for further demographic increases.

6.5. Learning Disability Service

The base budget includes a number of potential pressures in respect of the delivery of existing savings 2015-17 totalling £1.850m. In addition, there is an £0.600m adverse variance in the 2016/17 period 4 forecast relating to the business units.

In relation to the cost arising from the Winterbourne cohort, with spending currently forecast at £1.1m, health continuing healthcare contributions at £0.3m, a net cost of £0.8m, further work is being undertaken with the CCGs to clarify the City Council's liabilities for each individual case and the level of contribution from the NHS. There is a principle that resettlement of people in the community should not create a financial burden for local authorities and there are further planned discharges from hospital in line with NHS targets.

A full plan has been developed to address these pressures through permanent mitigation. Significant management attention is focused on delivering the plan.

There will be a requirement for a demographic funding allocation for learning disabilities transitions (2016/17 £0.750m). The number of people with a learning disability (LD) nationally is steadily increasing. Child mortality is falling

and people are living longer in adulthood. Back in 2007 Manchester City Council commissioned the Institute of Health Research at Lancaster University to estimate the impact these Learning Disability population changes would have on future demand for adult social care in the city. The study estimated an annual growth rate in the population receiving support of between 2.6% (lower estimate) and 5.4% (upper estimate), with a middle estimate of 4.5%. The volume of cases coming through from children services is currently high and there are a number of high cost placements shortly coming to adult social care within this transition process. Whilst there have been demography monies, the size and the complexity has not been taken account of. The predicted demand based on figures in previous years using the starter and leavers information and the actual position for 2016/17 is shown in the table below:

Banding	**Average cost week**	**Cohort No**	**2017/18 Forecast £'000**
High Cost	£3,570	5	930
Medium Cost	£1,010	20	1,053
Low cost	£200	15	156
		40	**2,139**

Bandings
High – review of sample cases
Med - based on the average cost for supported accommodation using a random sample
Low - based on personal budgets sampled

It is proposed to allocate £2.135m in 2017/18 from additional resources and a further £1.585m in 2018/19 and 2019/20.

6.6. National Living Wage (NLW)

The cost pressure is provided for in the budget at £6.2m 2016/17 rising to £18.8m 2019/20. The only significant remaining settlement for 2016/17 is residential and nursing care.

6.7 Public Health

	2016/17 £'000	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**
Level of Grant	54,596	53,250	51,865	50,517

The public health grant will be reduced by 2.5% in 2017/18, and 2.6% in 2018/19 and 2019/20 as highlighted in the table above. In 2017/18, the reduction of £1.346 million will be met by efficiencies across major areas of public health expenditure including sexual health, wellbeing services and primary care contracts. The further redesign of public health services and the opportunities afforded by the implementation of the Locality Plan and development of the Greater Manchester Public Health System will help to mitigate the impact of grant reductions from 2018/19.

7.0 Savings Proposals and Options 2017-19

7.1. It is clear the City Council can no longer deliver an Adult Social Care savings program of any significance in isolation of health partners, without compromising statutory obligations and putting at risk the direction set through the devolution of health and social care responsibilities. Benchmarking information on Adult Social Care also indicates Manchester's already low unit cost:

(i) Compared to its nearest neighbours, Manchester's total unit costs for Adult Social Care were 30.1% below average, and ranked 15th highest in the group (out of 16 authorities).

(ii) Relative to all authorities in England, Manchester's total unit costs for Adult Social Care were 32.6% below the average, and ranked 144th highest in the group (out of 150 authorities).

[source: LG Futures finance intelligence report 2015/16]

Within the above context however the City Council has relatively high unit cost spend compared to similarly deprived and other Core City authorities in respect of clients with learning disabilities and high spend on mental health, predominantly due to the high number of service users. Both of these services were identified in the budget conversation feedback as priority areas and as such, focus to improve value for money will be progressed through improving joint commissioning arrangements with health partners, a program of which is outlined in the Locality Plan Finance Report elsewhere on the agenda.

7.2. <u>Savings Options: New Options (£27.064m)</u>

In the above context, there are no specific additional direct Adult Social Care savings options. The substantive options for savings are partnership based and detailed in the Locality Plan financial report. The partners to the Locality Plan are committed to joint financial planning.

An agreement between the three Manchester Clinical Commissioning Groups and the City Council for a pooled fund was established in 2015/16 reflecting minimum mandated Better Care Fund resources of £42m. The Clinical Commissioning Groups and City Council agreed to expand the scope of resources from 2016/17 to also include budgets covering 'One Team', i.e. adult community health (neighbourhood teams) and community assessment and support services (integrated intermediate care and reablement). This increased the value of the integrated health and care pooled fund to £80m.

The local aspiration is to pool all of Manchester's health and care budgets, subject to compliance with relevant legal and necessary assurance requirements (£1.137bn). Expansion of the pooled fund is the primary financial arrangement required to be in place; with a strengthened benefits share agreement that will allow savings through reduced partner contributions into the pooled fund as the Local Care Organisation cost base reduces and

commissioning reviews are completed, together with a risk share agreement, covering the treatment of any overspends.

The saving option for the City Council is enacted by the City Council reducing its contribution into the pooled fund commencing in 2017/18 by £17.980m increasing to £27.064m by 2019/20. The pooled fund will be financially sustainable through expenditure reducing through two key programmes:-

(i) the creation of a Local Care Organisation that will deflect activity from the acute sector and residential/nursing provision to lower cost alternatives and deliver an integrated approach to care which will drive significant VFM improvement from existing arrangements, pump primed from the Transformation Fund; and

(ii) a single commissioning approach which will include development of shared priorities, integrated commissioning in areas such as learning disability, implementation of GM models covering residential nursing and home care and targeted decommissioning/ redesign of contracts with out dated payment arrangements, poor VFM or lower impact.

Further detail on how the options on how Partnership savings might be delivered are outlined in the Locality Plan financial report.

8.0. Workforce Impact

8.1. Implementation of the locality plan will result in significant changes for staff currently working within the City Council and the NHS organisations within the City. Some of these changes include:

- Health and social care managers working together to lead and develop integrated teams to deliver a quality service to citizens
- Health and Social Care workforce integrated across 12 Locality hubs, a single commissioning function and a single hospital arrangement. This will require significant changes to how people work.
- Staff working to new matrix management arrangements with clear professional supervision links.
- Identification of new behaviours for staff to embed as part of new ways of working
- Increased information sharing and communication through multidisciplinary team working to build better local knowledge within teams and deliver an improved service to residents
- Staff working in a much more cohesive way with a focus on an asset based approach to supporting citizens
- Development of skills/capacity for the future to ensure delivery of new delivery models

8.2. It is envisaged that staff will work within different organisational forms which require new roles and ways of working. How this happens will change over time as arrangements develop.

8.3. The impact on FTE reductions is still to be confirmed.

9.0. Key Policies and Considerations

(a) Equal Opportunities

9.1 There are no specific equal opportunities implications contained in this report.

(b) Risk Management

9.2 The City Council's Medium Term Financial Strategy includes an assessment of budget risk when setting the level of general balances.

(c) Legal Considerations

9.3 There are no specific legal implications contained in this report.

Appendix A – Budget Summary 2016-20

Service Area	2016/17 Net Budget	Savings (FYE of 2016/17)	Other Adjustments	2017/18 Net Budget	Savings (FYE of 2016/17)	Other Adjustments	2018/19 Net Budget	Savings (FYE of 2016/17)	Other Adjustments	2019/20 Net Budget
	£,000	£,000	£,000	£,000		£,000	£,000		£,000	£,000
Care	**32,908**	(940)	0	**31,968**	(1,814)	0	**30,154**	0	0	**30,154**
Assessment Care & Support	**5,611**	(125)	0	**5,486**	0	0	**5,486**	0	0	**5,486**
Learning Disability Services	**35,316**	0	0	**35,316**	0	0	**35,316**	0	0	**35,316**
Mental Health Services	**17,474**	0	0	**17,474**	0	0	**17,474**	0	0	**17,474**
Business Units	**13,842**	0	0	**13,842**	0	0	**13,842**	0	0	**13,842**
Homelessness	**4,344**	0	0	**4,344**	0	0	**4,344**	0	0	**4,344**
Commissioning	**13,990**	0	0	**13,990**	0	0	**13,990**	0	0	**13,990**
Public Health	**27,810**	0	0	**27,810**	0	0	**27,810**	0	0	**27,810**
Safeguarding	**1,904**	0	0	**1,904**	0	0	**1,904**	0	0	**1,904**
Back office	**4,567**	0	0	**4,567**	0	0	**4,567**	0	0	**4,567**
Total	**157,768**	**(1,065)**	**0**	**156,703**	**(1,814)**	**0**	**154,889**	**0**	**0**	**154,889**

Appendix B – Budget Savings and Options 2017-20

Service Area	Description of Saving	Type of Saving	RAG Deliverability	RAG Impact	Impact	Amount of Saving Option				FTE Impact (Indicative)
						2017/18 £,000	2018/19 £,000	2019/20 £,000	Total £,000	
Efficiency and Improvements										
Locality Plan	Implementation of expansion to pooled fund with health: benefits share from implementation of new care models in Local Care Organisation and outcome of commissioning reviews	Efficiency	Amber	Amber		17,980	6,534	2,550	27,064	
Total Efficiency and Improvements						**17,980**	**6,534**	**2,550**	**27,064**	**0**
Service Reductions										
Total Service Reductions						**0**	**0**	**0**	**0**	**0**
Investment Required to deliver savings										
Total Investment required to deliver savings						**0**	**0**	**0**	**0**	**0**
Total Adults						**17,980**	**6,534**	**2,550**	**27,064**	**0**

Appendix C – Budget Tables: Budget Pressures

		Ongoing impact in to 2017/18	New Pressures from 2017/18		
			2017/18	2018/19	2019/20
Service Area	**Description of Pressure**	**£000**	**£000**	**£000**	**£000**
Homelessness	Both an increase in numbers accessing service and an increase in the number of complex cases making it difficult to 'move on' individuals. Budget pressure presenting in year 2016/17 with further increase expected	1,500	0	250	500
Mental Health	Financial impact of the significant increase in client numbers particularly in nursing and residential care	1,700	250	1,000	1,750
Learning Disability	A significant number of Children transitioning to Adulthood and qualifying for adult social care		2,135	3,720	5,305
		3,200	**2,385**	**4,970**	**7,555**

Manchester City Council
Report for Resolution

Report to: Executive – 19 October 2016
Central Clinical Commissioning Group Board – 2 November 2016
North Clinical Commissioning Group Board – 9 November 2016
South Clinical Commissioning Group Board – 23 November 2016

Subject: Locality Plan – Financial Report – Closing the Funding Gap 2017/21

Report of: Joint Director Health and Social Care Integration
City Treasurer
Chief Finance Officer, Manchester Clinical Commissioning Groups

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Summary

This report proposes the approach to be taken across the health and care organisations in Manchester to improve health and care outcomes for residents, by radically transforming the health and care system and in the process closing the 'do nothing' funding gap of £134m that will materialise by 2021. It details the financial steps required to close that gap and to achieve clinical and financial sustainability of the health and care system.

As a joint report, it will be presented to the City Council's Executive and each of the Clinical Commissioning Group's Boards.

Recommendation to Executive

The Executive is recommended to note the progress detailed in the report and next steps detailed in section 14. of the report.

Wards Affected: All

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Supporting the Corporate Core in driving forward the growth agenda with a particular focus on integrated commissioning and delivery which will focus on utilising available resources effectively and developing a diversity of providers including entrepreneurs and social enterprises. This will provide opportunities for local jobs

A highly skilled city: world class and home grown talent sustaining the city's economic success	Integrated commissioning will focus on utilising available resources to connect local people to education and employment opportunities, promoting independence and reducing worklessness. Working with schools to engage and support our communities.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The focus is on changing behaviours to promote independence, early intervention and prevention, the development of evidence-based interventions to inform new delivery models integration with partners where appropriate.
A liveable and low carbon city: a destination of choice to live, visit, work	Development of integrated health and social care models and local commissioning arrangements that connect services and evidence-based interventions to local people and enable families and their workers to influence commissioning decisions aligned to locally identified needs. Schools as community hubs playing an essential role in reaching out to communities and leading early intervention and prevention approaches at a local level
A connected city: world class infrastructure and connectivity to drive growth	N/A

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences - Revenue

The options set out in this report will be used to inform the development of the Executive's budget consultation and draft Medium Term Financial Strategy.

Financial Consequences - Capital

There are no capital consequences arsing specifically from this report.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

GM Strategic Plan – Taking Charge of Our Health and Social Care
Manchester Locality Plan

1. Introduction

1.1 This report proposes the approach to be taken across the health and care organisations in Manchester to improve health outcomes and to close the 'do nothing' funding gap of £134m that will materialise by 2021. It details the financial steps required to close that gap and the radical transformation of the health and care system required to achieve this.

1.2 The proposed approach is ambitious and it is acknowledged that the partnership approach across the commissioning organisations needs to develop further.

1.3. A detailed report on the establishment of a Single Health and Social Care Commissioning Function is provided elsewhere on the agenda.

1.4. Population Health Outcomes

(i) The overall objective is to deliver the radical transformation set out in the Locality Plan to reduce health inequalities and improve outcomes within a financial sustainable funding system;

(ii) The current health and social care system is unsustainable both financially and in that it is not delivering the changes in outcomes required; and

(iii) The Greater Manchester Transformation Fund is the lever to deliver the new models of care to deliver improved outcomes and reduce the need to spend. The investment agreement will be clear on what needs to be delivered.

1.5. Funding Outcomes

(i) Total funding available to the health and care economy in Manchester in 2016/17 is currently £1.137bn and taking account of changes in the funding levels of the organisations (3 CCGs, City Council) will increase to £1.204bn by 2020/21, however the cost base of existing 'as is' contracts will increase proportionately more to £1.338bn;

(ii) As a consequence the funding gap is £134m;

(iii) A pooled fund is considered to be a key enabler to effective partnership working across the health and care sectors. This is because a joint pool is more likely to encourage system-wide financial decisions, with a joint focus upon closing the funding gap. The local aspiration is to pool all of Manchester's health and care budgets, subject to compliance with relevant legal and necessary assurance requirements.

(iv) Funding will flow around the system through the use of a pooled fund, as risks and benefits are managed collectively, irrespective of where they occur within services, and also through the requirements of the

Transformation Fund Investment Agreement and through the interdependency between the Single Hospital Service (SHS) and Local Care Organisation (LCO).

(v) In order to achieve financial and clinical sustainability by 2021 the following will happen:

(a) Local Care Organisation (LCO) – the LCO will integrate key out of hospital services, with the driver of improving efficiency across a range of fragmented providers, whilst delivering more bespoke packages of support to patients and their families, reducing demand on acute hospitals and residential and nursing home sectors. Where the LCO is successful in delivering efficiencies, 50% of those savings will be reinvested into the recurrent cost of new and more cost efficient care models to continue to build a sustainable community based infrastructure of care. The LCO (through initially the Manchester Provider Board) will apply for investment monies through the Greater Manchester Transformation Fund to establish and implement the new models of care which will deliver planned reductions to hospital services and other services;

(b) Single Commissioning Function – Commissioners will act as one, enabled by a single pooled commissioning budget, to agree commissioning priorities for the city, and will contribute towards the closure of the funding gap through more efficient commissioning, and reducing costs associated with low impact activity and poor value for money; and

(c) Single Hospital Service (SHS) – the SHS will improve the quality of care by standardising to best practice and improve efficiency by implementing single service models. This will deliver financial balance for the acute provider within tariff.

The three changes are interdependent and are being managed as a single whole system change programme.

2. Devolution

2.1 Achieving the objectives set out above will be supported by devolution. Greater Manchester (GM) is the first region in the country to take control of the combined health and social care budget under devolution, a sum of more than £6bn. Through 2015, significant work was undertaken to develop the GM Health and Social Care Strategic Plan – Taking Control – to demonstrate how GM would be clinically and financially sustainable within the next 5 years and to negotiate the enabling Transformation Fund of £650m.

2.2 The overarching vision is to deliver the greatest and fastest possible improvement to the health and wellbeing of 2.8m citizens in Greater Manchester. The GM Strategic Plan together with the 10 GM Locality Plans

set out key transformation themes to address the health and care needs of the population.

3. Locality Plan

3.1. Manchester's Locality Plan is a shared plan between providers and commissioners, which describes a shared vision for a city wide health and care system which aims to improve health outcomes for residents, while also securing clinical and financial sustainability. It was approved by the Health and Wellbeing Board in November 2016.

3.2. Health and Social Care services, particularly those related to people with disabilities and mental health issues, have been identified by Manchester citizens through the recent Budget Conversation as of high importance to them (more details set out below and elsewhere on the agenda).

3.3. For Manchester, clinical and financial sustainability means:

- Improving health and care outcomes for the resident and GP registered population;
- Improving productivity from the resources collectively available to the health and care commissioning and provider organisations;
- Redirecting resources from the acute sector to invest in strengthened models of integrated care to be delivered across neighbourhoods, which can demonstrate a positive impact on reducing demand for acute services and improving self care and prevention;
- Implementing new models of care for residential, nursing and home care developed on a GM wide basis; and
- Closing the funding gap of £134m which, if unaddressed, will exist by 2021.

3.4. Manchester's health and social care system is highly complex and multi-layered. There are 91 GP practices, three large acute hospitals trusts covering a range of acute and community sites, one care trust (mental health and some community services), one local authority, many hundreds of voluntary organisations and independent contractors including pharmacists and optometrists. The commissioning of health and social care is mainly the responsibility of Manchester City Council and the three Manchester Clinical Commissioning Groups (North, Central and South) with specialist services commissioned by NHS England.

3.5. This complex system provides excellent care in some areas, and outcomes and people's experience of care are also highly rated for some services. Unfortunately, excellence is not uniformly spread and there are many variations in quality, access, and effectiveness. Overall, the health of the people of Manchester remains some of the worst in England.

3.6. At the same time, the health and social care system in Manchester is becoming increasingly unaffordable and with continuing public sector austerity

and forecasts of rising demand, without dramatic change, the NHS and social care services in Manchester will become unsustainable.

3.7. The solution in the Locality Plan to these very concrete challenges is to replace complexity with simplicity and implement.

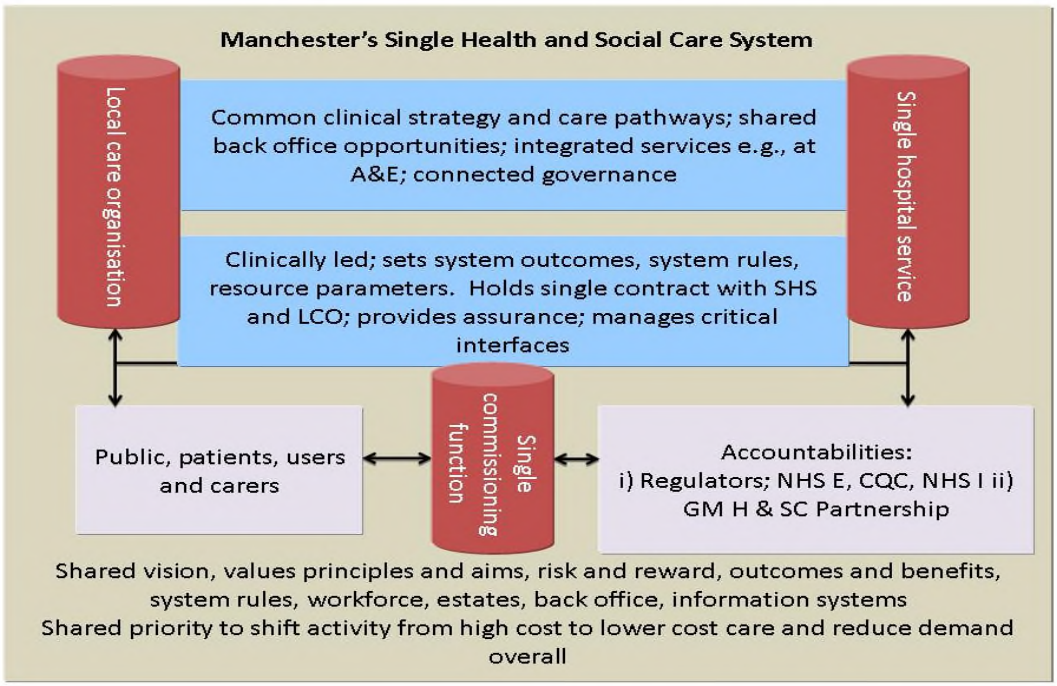
- A single commissioning function
- A single local care organisation (all care outside of the hospital); and
- A single hospital system.

3.8. In addition to this single vision, the city's integrated health and social care system will have:

- A single set of values principles and aims;
- A single set of outcomes and benefits on which its success will be measured;
- A single set of system 'rules', including the management of risk and reward;
- A common goal and priority to shift activity from high cost to more efficient interventions and reduce demand overall; and
- A common commitment to prioritise improvement in health and wellbeing for the very large group of staff who will be the workforce of the single system

3.9. In addition, the integrated system will have as far as possible a common approach to workforce, estates, information management and technology (IM&T), and all 'back office' functions.

The components each have a distinct contribution to make to the single system as shown in the diagram below.



4. Budget Conversation – What residents want from our services

4.1. Some engagement with the public has been undertaken to date regarding the Locality Plan. Emerging themes can be summarised as follows:

- Access to primary care;
- Access to information and advice following diagnosis;
- Positive feedback from those being supported through the Active Case Management service, which supports patients with long-term conditions in the community in their own homes;
- Support to stay independent for longer and to support wider well being;
- The need for better communication and partnership between health and social care; and
- Support for carer's particularly for people with mental health needs.

4.2. The feedback from this engagement is informing the development of our plans with our partners.

4.3. Feedback from the ongoing Budget Conversation reflects the above but also indicates that respondents still focus on areas such as their physical environment above health and wellbeing, despite stating that this is important to them.

4.4. 14.1% of respondents identified health and social care services as important to them. In comments, respondents highly valued access to local health services, including easy access to small community health services. Social care services were also seen to be of vital importance including home care support, support for carers and older peoples' centres:

'More resources need to be put in to help elderly remain in their own homes. Not just carers popping in for 5 minutes a few times a day. These people have contributed all their lives and deserve better'

4.5. Our ambition in line with the GM transformation programme and Our Manchester is to employ a co-production approach, engaging stakeholders across health and care to:

- Design and commission a new model of care at home in partnership with service users, providers and investors; and
- Focus residential and nursing care on those who can really benefit from it and creating centres of excellence in care that maximise independence and reduce the call for hospital admission;

4.6. Further engagement regarding the Locality Plan and its implementation will be scheduled as the detail develops.

5. The Single Commissioning Function

5.1. In agreeing the Locality Plan, health and care commissioning organisations (the 3 Clinical Commissioning Groups and City Council), agreed that a single

commissioning function for the city would provide consistent, co-ordinated commissioning of health and care services within an integrated health and care single system which will mean:

- The most efficient investment, avoiding duplication and overlap;
- The most efficient use of skilled staff including clinical commissioners;
- The most streamlined transactional relationship with providers; and
- The strongest lever for transformation.

5.2. The single commissioning function for Manchester for health and social care services will achieve these objectives through the creation and implementation of a single commissioning strategy, a single investment plan and a single transaction system, i.e. contracts, performance, quality and payment. A separate report detailing the Single Commissioning Function and its development is included elsewhere on the Agenda.

6. Local Care Organisation

6.1. The Local Care Organisation (LCO) will be the vehicle for delivering integrated out of hospital care across the city through community based health, primary and social care services within neighbourhoods. It will hold a single contract from single commissioning. The LCO will focus on the population most at risk of needing care and will have a strong emphasis upon prevention and self care. Its aim is to provide care of a high standard closer to home whenever possible, and for those needing social care supporting individuals to remain independent within their homes and local community for longer. It will include new models of home care. It will co-ordinate partners providing care, simplifying care pathways and accessibility. The overall design of the LCO is set out in the diagram at **Appendix A**.

6.2. Section 8 below outlines further steps being taken to secure investment to enable the LCO to deliver new models of care, impacting positively upon residents health and care needs, but also reducing demand upon the acute hospital and residential and nursing sectors.

7. The Single Hospital Service

7.1. The Locality Plan details the need to review acute hospital provision in the city in order to allow the benefits of standardisation to be achieved at scale while also delivering better care at lower cost. The hospital services included within the Single Hospital Service (SHS) Programme are:

- University Hospital of South Manchester NHS FT (UHSM)
- Central Manchester University Hospitals NHS FT (CMFT)
- North Manchester General Hospital (managed by Pennine Acute Hospitals NHS Trust) (NMGH)

7.2. In January 2016, the Health and Well Being Board (HWB) commissioned an independent review of hospital services in Manchester. This review was undertaken by Sir Jonathan Michael, and reported back to the HWB on 27th

April and 8th June 2016. The scale of the overall SHS programme is significant, and there is agreement that this will need to be handled in phases, with UHSM and CMFT to form to a new Foundation Trust in the first instance and NMGH services following in a second phase. The overall programme of work, including the progressive development and implementation of a comprehensive set of single service models and a strategic aim to transfer 20% of care activity into out of hospital settings, is likely to take approximately four years.

8. Financial Plan

8.1. At a locality level, in total Manchester spends £1.137bn (2016/17) on health and social care services, excluding specialist services. This includes £907m on adults' health and care, £119m on children's health and care and £111m on the other services. This will increase to £1.204bn by 2020/21. A full analysis of this budget is provided at **Appendix B** and summarised in the table below by partner (City Council MCC, Clinical Commissioning Groups CCGs), categorised by the 3 reform pillars. Of note, £57m of City Council services relating primarily to children's social care, safeguarding and homelessness has been deemed out of scope from the Locality Plan reform pillars, leaving £1.080bn in scope.

Combined Baseline Budgets:	**2016/17 £'000**	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**	**2020/21 £'000**
Local Care Organisation					
- CCGs	386,385	399,913	403,972	407,381	416,688
- MCC	50,177	50,177	45,450	42,328	39,152
Subtotal	**436,562**	**450,090**	**449,422**	**449,709**	**455,840**
Single Commissioning Function					
- CCGs	292,021	297,352	301,272	304,844	313,294
- MCC	156,221	159,055	156,429	167,626	179,664
Subtotal	**448,241**	**456,407**	**457,701**	**472,471**	**492,959**
Single Hospital Service					
- CCGs	195,565	199,136	201,558	203,915	209,552
Subtotal	**195,565**	**199,136**	**201,558**	**203,915**	**209,552**
Total In Scope	**1,080,368**	**1,105,633**	**1,108,681**	**1,126,094**	**1,158,350**
Out of Scope					
- MCC	56,814	56,814	52,535	49,019	45,444
Total Budgets	**1,137,183**	**1,162,447**	**1,161,216**	**1,175,114**	**1,203,794**

8.2. Financial modelling has been undertaken to calculate a five year health and care financial plan for Manchester for the years 2016/17 to 2020/21 which is detailed in the Locality Plan. Taking account of pressures and demographic changes over the period, together with the estimated changes in resources for health and social care, the whole economy 'do nothing' gap rises from £47m 2017/18 to £134m 2020/21. The financial gap across 2016/17 to 2020/21, by partner, is shown in the table below. The £66m pressure shown for acute providers reflects a share for Manchester. The acute providers' total gap over

the same period is estimated to be £293m, i.e. £228m greater than the value assumed in the Manchester Locality Plan. The City Council element is further analysed between in and out of scope for the Locality Plan. A full build up by partner is provided at **Appendix C**.

	2016/17 £'000	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**	**2020/21 £'000**	**Total £'000**
Manchester City Council						
- In Scope		17,980	6,534	2,550	4,635	31,699
- Out of Scope		4,279	3,515	3,575	3,368	14,738
CCG's	-11,104	13,381	11,146	12,863	-5,101	21,186
Acute Providers	11,618	11,613	14,134	16,634	11,912	65,910
	514	**47,253**	**35,330**	**35,623**	**14,814**	**133,534**

8.3. The strategies and priorities described in the Locality Plan represent Manchester's health and care partners' agreed approach to managing this predicted 'do nothing' deficit. The Locality Plan contains 3 key pillars which together will drive the radical transformation of health and care services to the residents of Manchester. These are mutually dependent and are:

- A single commissioning system ('One Commissioning Voice') ensuring the efficient commissioning of health and care services on a city wide basis with a single line of accountability for the delivery of services;
- 'One Team' delivering integrated and accessible out of hospital services through community based health, primary and social care services within neighbourhoods; and
- A 'Single Manchester Hospital Service' delivering cost efficiencies and strengthened clinical services, with consistent and complementary arrangements for the delivery of acute services achieving a fully aligned hospital model for the City.

8.4. Delivery against the three pillars of reform will together provide the platform for securing clinical and financial sustainability in our health and care economy over the next 5 years. Together the pillars address all 5 themes contained in the GM Strategy with significant proposals which address the need to reduce variation, improve quality, optimise productivity across the primary, community, social and acute health and care sectors. A Joint Commissioning Executive of senior officers from the Clinical Commissioning Groups and City Council has been working to allocate indicative saving targets to the three pillars, shown in the table below.

	2016/17 £'000	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**	**2020/21 £'000**	**Total £'000**
Single Hospital Service	3,578	5,963	7,191	8,278	4,526	29,536
Local Care Organisation	4,586	12,576	12,019	13,050	8,339	50,570
Single Commissioning Function	-7,649	24,435	12,604	10,720	-1,420	38,689
Out of Scope (MCC)	0	4,279	3,515	3,575	3,368	14,738
	514	**47,253**	**35,330**	**35,623**	**14,814**	**133,534**

Key assumptions include:

1. The single hospital plan will deliver financial balance for the acute provider within tariff;
2. 2% efficiencies have been applied to all providers in line with GM assumptions and recently confirmed national NHS planning guidance; and
3. Where business cases already exist for other services, savings indicated within these cases have been included.

8.5. The core strategy to realise savings from the three pillars described earlier is:

(i) Local Care Organisation (LCO) - will deflect activity from the acute sector and residential/nursing provision to lower cost alternatives and deliver an integrated approach to care which will drive significant value for money (VFM) improvement from existing arrangements and be pump primed from the Transformation Fund;

(ii) Single commissioning approach - will include development of shared priorities, integrated commissioning and targeted decommissioning/ redesign of contracts with out dated payment arrangements, poor VFM or lower impact; and

(iii) Single Hospital Service (SHS) - will deliver financial balance for the acute provider within tariff.

8.6. The savings from these programs will impact on existing commissioning budgets in a way which may not be aligned with the organisational savings targets as outlined above in the gap analysis – both in terms of current and proposed organisational architectures.

8.7. The use of a pooled fund and the Transformation Fund Investment Agreement will be the primary financial arrangements required to be in place, supported by a risks and benefits share agreement, to allow savings to flow across the system fairly.

8.8. Commissioners will need to make adjustments to their contributions into the pooled fund – both to reflect available resources, as well as agreements for benefits and risk shares, e.g. as the SHS recurrent cost base reduces and the LCO cost base is redesigned through successful implementation of out of hospital alternative care provision.

8.9. Since 2015/16, the City Council and Manchester Clinical Commissioning Groups have operated a pooled fund, under a Section 75 agreement, to hold minimum mandated Better Care Fund (BCF) resources (2015/16: £38.586m revenue). The BCF was established by Government in 2015/16 to provide identified funds to local areas to support the integration of health and social care. All local authorities and their partner Clinical Commissioning Groups are required to pool their minimum BCF funding allocations and to prepare a delivery plan to implement specific national conditions in relation to integration, including a requirement to set a 3.5% target for reducing non-elective

admissions (underwritten with a requirement to withhold critical investment funding into a risk reserve to meet the cost of not achieving the target, 'a reserve for failure'). From 2016/17, the pooled fund was expanded to include budgets covering the deemed scope of 'One Team' (Neighbourhood teams, Intermediate care and Re-ablement), increasing the recurrent revenue resources to £80.047m, as summarised in the table below. In addition, £6m of Disabled Facilities Grant capital funding is available. Risk and benefit sharing principles of the current pool remain risk averse however.

Pooled Fund	**CCGs £'000**	**Council £'000**	**Total £'000**
Adult NHS Community Health and Adult Social Care (including NHS Social Care and Care Act funding)	58,874	6,004	64,878
Community Assessment and Support	9,797	2,124	11,921
Non-elective risk reserve	3,248		3,248
Sub-total	**71,919**	**8,128**	**80,047**
Social care transfer	-12,430	12,430	0
Care act transfer	-1,533	1,533	0
Total pooled fund	**57,956**	**22,091**	**80,047**

8.10. The intention to expand the pooled fund is considered a key enabler to fully integrating health and social care, securing financial sustainability and provides the mechanism for funding to flow around the whole health and social care system. From a commissioner perspective, for the CCGs and City Council to reduce their pool contributions the outgoing expenditure from the pooled fund has to reduce and Section 9 below details the work undertaken on how this is expected to be delivered.

9. Delivering Savings and Improving Outcomes

GM Transformation Fund

9.1. To secure the activity and productivity shifts required to close the financial gap, investment support is required from the GM Transformation Fund (GMTF) for 'double running' and the management of change.

9.2. Manchester has taken a two stage approach to investment planning, as follows:

(i) An initial investment of **£2.946m** to support the development of the Single Hospital Service Programme, specifically in the award of initial funding for the core programme team and external specialist advice required to progress the case to the Competition and Mergers Authority (CMA). Conditions are attached to the award, and steps are now being taken to finalise the Investment Agreement for this award.

(ii) A full investment proposition to support the wider implementation plan. Work is progressing to submit an investment proposition. The proposal covers the implementation of the three pillars.

Initial cost estimates indicate that across the Single Commissioning Function and Local Care Organisation - both envisaged to be responsible for out of hospital care in the future - require significant levels of investment to support implementation of the new care models which will reduce demand on acute and residential services.

9.3. The proposition being developed:

(i) Specifically for the investment in the LCO, includes a single whole-system Cost Benefit Analysis (CBA) which articulates the potential return on investment as a consequence of investment in required interventions;

The CBA is structured based on six key cohorts for new models of care, who collectively place significant demand on health and social care, or who will in the future without proactive, preventative approaches now:

- Frail older people
- Long-term conditions and end-of-life
- Children and young people
- Mental health, learning disabilities and Dementia
- Complex lifestyles
- Prevention and rising risk

The CBA makes a series of assumptions, including:

- The size of each of the above cohort groups based on joint analysis of health and care records
- Current levels of activity
- Average unit costs of activity
- Potential improvements in a range of outcomes (see below) that represent activity avoided, based on agreed Health and Wellbeing Board targets, and moderated by consulting with a wide range of clinical and non-clinical experts
- Adjustments for ‘Optimism Bias’ to make the results more conservative
- Conversion of reduced demand into ‘cashable’ units of savings

The outcomes included in the CBA are:

- Reducing the number of A&E presentations and admissions
- Reducing the length of stay in a hospital bed
- Minimising delayed transfers of care
- Increase the number of people dying in their preferred setting
- Assumed GP home visits per year, per individual within the population cohort

- Reducing spend on medicines and prescribing
- Reducing the number of people admitted into residential and nursing homes, where other more appropriate settings could be used
- Reducing the length of time people stay in residential and nursing homes
- Reducing the cost of care packages
- Promoting independence and self management
- Reducing demand for elective hospital services
- Reducing the number of inappropriate referrals
- Reducing duplication and the number of avoidable contacts with individuals
- Promoting wellbeing and improving health outcomes
- Non-elective admissions

(ii) Takes account of the models of care, summarised through a series of 'key interventions' for each of these cohorts which were developed through a set of 12 workshops held during Summer 2016, which were attended by numerous clinical and non-clinical experts from across the Manchester health and social care system. The interventions include new ways of:

- Improving main points of contact and front doors to services
- Better identifying current and future needs and risks
- Care management that promotes individual resilience
- Extending and expanding roles within Primary Care
- Better use of community resources for prevention
- Improved neighbourhood services (including social care, community health, and support for carers)
- Improved locality and community services (intermediate care, reablement, active discharges back into the community)
- Improved interaction with acute hospital and residential and nursing services
- Increased use of specialists in out of hospital settings
- Shared records and care plans
- Digital services

(iii) And, provides for 'double running' costs which could include:

- The costs of running a new service with new staff alongside an existing service
- An element of programme management costs to deliver transformation and reform
- An understanding of how long the double-running funding is needed for, before the new services either become incorporated into business as usual, or the new service generates sufficient benefits for some of these to be reinvested

9.4. An Investment Agreement, signed by all key parties, will be a condition of Manchester drawing down funding from the GM Transformation Fund. This is

a short document that, on funding award, will form the agreement between GM and a locality. The agreement will set out:

- Who the parties to the agreement are;
- What the specific scheme is;
- What it is expected to deliver (financials and non-financials) and by when;
- Key milestones for delivery;
- Expected reductions in demand;
- Improvements in outputs, outcomes, prevalence and impacts (specific metrics);
- Expected decommissioning of existing resources and how resources will transfer between different organisations;
- Ways the impact will be tracked and evaluated over time;
- Expected changes in productivity; and
- Conditions of the agreement will be formed of expected outcomes from the financial modelling and the agreement will state that if a locality fails to meet the conditions GM reserves the right to review its funding.

Financial and Operational Planning

9.5. The Council and Manchester CCG's are working on an integrated approach to developing proposals, with specific immediate focus on 2017/18. Work is being progressed within the operational planning programme led by the CCGs in response to national NHS 2017-19 planning guidance that was published 22nd September 2016.

9.6. A series of officer joint finance workshops are being used to steer, focus and prioritise the work. The operational plan will include savings options which are efficiency improvements, updated contract arrangements and remodelling or redesign of the service offer. Critically, attention is focused on the integrated system and not organisation boundaries.

10. Governance

10.1. It is proposed that the Manchester Transformation Fund Accountability Board (MTFAB) is established which will provide a robust accountability and assurance framework locally for the effective deployment and return on investment of Transformation Fund monies received. This Board will report to the Health and Well Being Board, be Commissioner led and will comprise senior officers leading the three change programmes.

10.2. Subject to approval by the Health and Well Being Board in November, the MTFAB will fulfil the following functions:

- Take direct responsibility for accounting for the public funding endeavouring to draw down progressively from the Transformation Fund (TF) and other national programmes – in accordance with a series of milestones linked to benefits generation and capture to support the delivery strategy;

- Supported by a new system wide Finance Executive (see below), the Board will receive business cases from programme leads for review, as the first stage ahead of submission to GM for seeking draw down of funding;

- subject to approval the Board will oversee finalisation of the investment agreement with GM;

- To monitor the effectiveness of the deployment of the investment resources upon the changing health and care system, and impact upon the transforming profile of demand and provision of services, including specifically tracking and monitoring the shift in funding flow from acute to community; and

- The Board will report to the HWB and align with the work of the Executive Health and Well Being Group providing regular updates on the TF locally.

10.3. A Finance Executive representing the health and care economy across the city will be established. It will provide financial advice to the Manchester TF and Accountability Board on:

- Progress towards closing the funding gap;
- Financial assessment of business cases for release of investment monies;
- Financial reporting on the Transformation Fund; and
- The financial health of the single health and care system and the impact of the transforming profile of demand and provision of services upon funding flows.

11.0 Workforce Impact

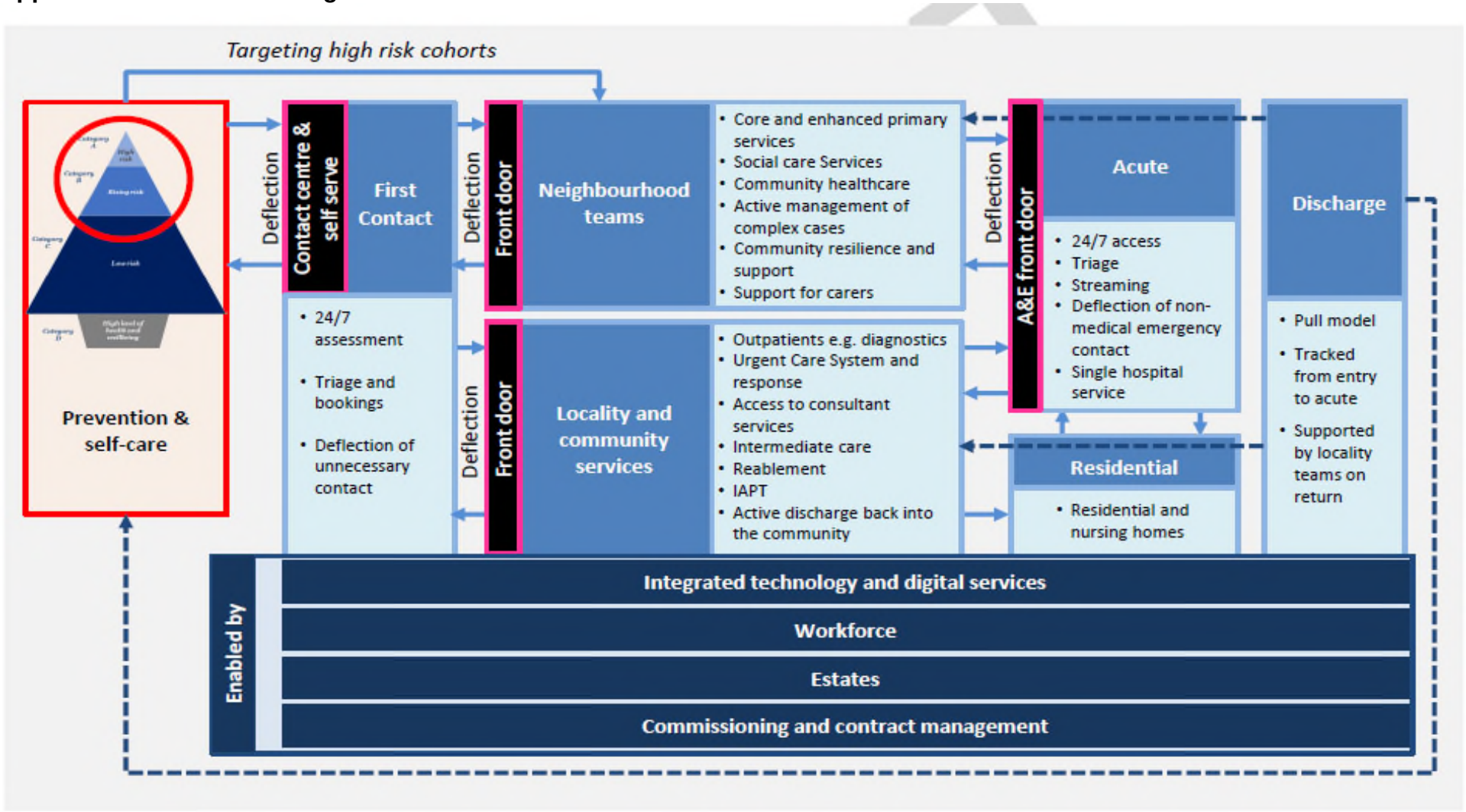
11.1 The impact upon the workforce as a consequence of the Locality Plan is currently being assessed. A workforce development strategy is being developed led by HR/OD leads across all of the statutory health and care organisations. Immediate implications for the City Council in the short term will be the deployment adult social care staff working in integrated teams alongside health colleagues. For staff undertaking commissioning functions they are already increasingly working alongside health commissioners beginning to jointly plan the commissioning and procurement of services together. Importantly, there is no intention to change the employment status or terms of conditions of current staff engaged in these roles.

12. Conclusion and Next Steps

12.1. This report sets out the arrangements underway to deliver the key priorities set out in the Locality Plan. The primary objectives are to improve health outcomes and ensure that health and social care budgets within Manchester are put onto a sustainable footing. The next steps will include the submission to the GM Transformation Fund in early October of an investment proposition to support the radical transformation of the health and care system in the city, and the development of the single commissioning function, with a view to implementing new integrated working arrangements from April 2017. There is

an accompanying report on the agenda on the establishment of the single commissioning function. This will be underpinned by the expansion of the pooled fund and financial governance arrangements and a detailed implementation plan is being prepared.

Appendix A – Local Care Organisation



Appendix B – Budget Tables: Budget Mapping

£907.4m Adults Health and Care

Single Hospital Service	£195.6m
CMFT (Acute Care)	£107.5m
NMGH (Acute Care)	£31.4m
UHSM (Acute Care)	£52.7m

Local Care Organisation	£436.3m
CMFT Scheduled Care	£17.1m
NMGH Scheduled Care	£6.6m
UHSM Scheduled Care	£10.6m
CMFT Unscheduled Care	£33m
NMGH Unscheduled Care	£16.6m
UHSM Unscheduled Care	£18m
Other NHS Providers (DGH)	£9.4m
Other NHS providers (Community)	£3.9m
Community Prescribing	£92.7m
Primary Care Medical Services	£68.9m
National Enhanced Services	£3m
Quality & Outcomes Framework	£6.6m
7 Day Access	£3.6m
Locally Commissioned Services	£1.3m
Out of Hours	£4.4m
Primary Other	£0.8m
Adult Social Care (City Wide Teams)	£4.5m
No Recourse to Public Funds	£1m
One Team CMFT	£20.3m
One Team PAHT	£15m
One Team UHSM	£16.1m
Reablement	£2.2m
Adult Social Workers / PAT	£5.1m
Care Act / Protection of ASC	£14m
CMFT Other Community	£0.6m
PAHT Other Community	£1.3m
UHSM Other Community	£0m
Wellbeing (PH)	£7.6m
Sexual Health (PH)	£8.3m
Drugs and alcohol (PH)	£8.6m
Other (PH)	£3.8m

Single Commissioning Function	£448.9m
PAHT (Non NMGH - Acute Care)	£10.5m
Other NHS Providers (Acute Care)	£12.5m
PAHT (Non NMGH - Scheduled Care)	£2.2m
PAHT (Non NMGH - Unscheduled Care)	£5.5m
Private Sector (Acute Care)	£26.9m
Private Sector (Community)	£2.5m
NW Ambulance	£18.3m
MMHSCT	£69.3m
MMHSCT Social Workers	£4.1m
Other NHS Providers (MH)	£12.8m
Private Sector (MH)	£14.9m
Mental Health (PH)	£2.5m
MCC MH Care Provision	£11.2m
Residential & Nursing Homes	£15.9m
Home Care	£11.2m
Learning Disability	£40.6m
Continuing Care	£37m
Other Care	£1.3m
Voluntary Grants	£4.2m
Core and back office (PH)	£2.3m
MEAP (PH)	£1.8m
Extra Care (PH)	£1.3m
Primary Care IT	£2.1m

Out of Scope	£56.7m

£119.1m Children's Health and Care

CMFT	£3.5
NMGH	£0.4
UHSM	£0.1

Community Services CMFT	£12.6m
CMFT (MH)	£6.2m
CMFT Scheduled Care	£0.9m
PAHT Scheduled Care	£0.2m
CMFT Unscheduled Care	£0.1m
Other NHS Providers	£0.5m
No Recourse to Public Funds	£1.2m
Public Health Commissioned Services (NHS Providers)	£3.5m
Early Help	£-0.1m

High Cost Placements	£24.5m
Early Years	£14.6m
Voluntary Grants	£4.5m
CAMHS	£0.4m

Looked after Children	£23.8m
Children's Social Care	£9.2m
Other Services	£13m

£111m Other

Business Support	£4.5m
Walk in Centre - CMFT	£1.5m
Walk in Centre - UHSM	£0.3m

Other Health Programmes	£22.7m
Other Commissioning	£0.1m
Corporate	£50.1m
Propco	£2.8m
Business Units	£18.3m

Safeguarding	£7.5m
Homelessness	£3.2m

* Acute Hospital Care & Ambulance excludes specialist activity and is the Manchester share only

Caveats

- Figures are based on 2016/17 commissioner budgets (excludes capital)
- No due diligence has taken place
- Figures have not been signed off by appropriate Boards and are indicative
- Split of DGH is based on Medical Specialties, unscheduled and scheduled care, plus A&E.
- Allocation of Children's Services is to be determined in line with the GM work.
- Mental Health is currently under the single commissioning function for further review post the transaction
- 18% of CCGs budget for PAHT is estimated to be the equivalent of activity on the NMGH site, others site are within 'other NHS providers'

Appendix C– Locality Plan Financial Gap Build Up

All budgets	**17/18 - 20/21 Funding Gap £'000**
MCC	
- Demographic Growth	17,188
- Inflation	23,231
- National Living Wage	17,281
- Resource Reduction	28,221
- Improved BCF / Social Care Precept	-39,483
Subtotal	**46,438**
CCGs	
- Opening Surplus	-11,104
- Demographic Growth	30,002
- Non Demographic Growth	42,438
- Net Inflation	28,300
- Funding Growth	-83,766
- Delivery of 1% Surplus	15,315
Subtotal	**21,186**
Acute Provider's	
- Opening Gap	11,618
- Demographic Growth	16,101
- Non Demographic Growth	23,163
- Weighted Inflation	60,080
- Net Tariff Deflation	-7,941
- Demographic Growth	-15,218
- Non Demographic Growth	-21,892
Subtotal	**65,910**
Total	**133,534**

Manchester City Council
Report for Resolution

Report to: Health Scrutiny Committee – 8 December 2016

Subject: Budget Process: Manchester Locality Plan – Investment and Reform

Report of: Strategic Director, Adult Services
Joint Director, Health and Social Care Integration

Summary

This report provides an update on steps being taken to remodel the health and care system in Manchester through investment and reform which aims to secure improvements in health and care outcomes for residents, and financial sustainability for the system by 2021.

This report should be considered in the context of the Council's budget setting process.

Recommendations

To note the contents of the report and the steps being taken to invest and reform the health and care system in Manchester;

Wards Affected:

All

Contact Officers:

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Position: Joint Director, Health and Social Care Integration
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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents

are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Manchester Locality Plan – A Healthier Manchester

Executive, 19th October – Directorate Budget and Savings Options 2017-20: Adult Social Care

Executive, 19th October – Locality Plan Financial Report – Closing the Funding Gap 2017/21

1.0 Introduction

1.1 This report should be considered in the context of the Council's budget process. It outlines:

(i) The latest position on the overall financial position for Manchester Health and Social Care and the City Council for the three years 2017/18 to 2019/20; and

(ii) the plans to deploy investment resources to be secured from the Greater Manchester Transformation Fund to enable the remodelling of the health and care system to take place; to improve health outcomes; and to close the 'do nothing' funding gap that will materialise by 2021. It also details the system shifts in health and care activity that the new system will need to achieve in return for investment from the Transformation Fund.

2.0 Financial Context and Position for Health and Social Care

2.1 The covering report sets out the overall financial position for the Council for the period 2017/18 to 2019/20.

2.2 The work to consider the financial position of the Council was closely aligned with the funding position for health and social care in it's entirety. This identified a funding gap of £47m across all commissioners and providers for 2017/18 rising to £118m by 2019/20. The council element of this is £22m rising to £38m. Of this it was agreed that £18m rising to £27m are services in scope for the Locality Plan work and that proposals for addressing that gap would be developed jointly as part of a whole system response.

2.3 The calculation of the local authority part of that gap took into account the overall reductions in government funding announced for the council, pressures on the council budget and the impact of the 2% precept for social care and the Improved Better Care Fund. As the additional funding from the Improved Better Care Fund only really starts to impact from 2018/19 the scale of the reduction is front loaded to 2017/18.

2.4 The budget reports to Executive and Scrutiny Committees set out a series of investment proposals including those to meet unavoidable cost pressures and savings options put forward by officers to close the financial gap.

2.5 The cost pressures include the following for Adult Social Care.

	2017/18	**2018/19**	**2019/20**
	£'000	**£'000**	**£'000**
Homelessness	1,500	1,750	2,000
Mental health	1,950	2,700	3,450
Learning disabilities	2,135	3,720	5,305
Total	**5,585**	**8,170**	**10,755**

2.6 In addition to the above, 1% for pay and non pay inflation per annum has been included in the budget model together with the funding to address the cost of providers meeting the requirements of the National Living Wage. This has been held corporately and will need to be allocated to Directorate budgets including adult social care.

2.7 The savings options totalled £58m and include the figures for the Local Authority element of the Locality Plan gap, i.e. the £17m referred to above and where work is underway to develop specific options. Also presented to the November Executive and Scrutiny meetings were a number of savings options put forward by officers to address the budget gap which totalled c£58m as well as the detailed feedback from the budget conversation which took place between July and September 2016.

2.8 Confirmation of the actual funding position for the Council for the next three years is expected with the publication of the Local Government Financial Settlement due in mid December. The Autumn Statement was published as expected on 23 November. This highlighted that forecasts by the Office for Budget Responsibility (OBR) have worsened since the March budget. Whilst there were some announcements on investment in infrastructure, there was no further indication on levels of government department or local authority spend and no reference to the funding position for the NHS and social care.

2.9. The accompanying financial plan to the work set out in this report is being developed which will underpin the development of the locality plan and will form part of the Directorate budget and business plan reports due to go to Executive in January.

3.0 The Budget Consultation and Engagement Process

3.1 The covering report sets out the detail for the Council's budget engagement and consultation process. The more detailed options for addressing the health and social care clinical and financial sustainability challenge will form part of the Council's next phase of budget consultation due to start on 3 January.

3.1.1 Health and Social Care services, particularly those related to people with disabilities and mental health issues, have been identified by Manchester citizens through the recent Budget Conversation as of high importance to them and continues to inform the design of the reformed system.

4.0 The Development of the Locality Plan

4.1. Manchester's Locality Plan is a shared plan between providers and commissioners, which describes a shared vision for a city wide health and care system which aims to improve health outcomes for residents, while also securing clinical and financial sustainability. It was approved by the Health and Wellbeing Board in April 2016.

4.2. For Manchester, clinical and financial sustainability means:

- Improving health and care outcomes for the resident and GP registered population;
- Improving productivity from the resources collectively available to the health and care commissioning and provider organisations;
- Redirecting resources from the acute sector to invest in strengthened models of integrated care to be delivered across neighbourhoods, which can demonstrate a positive impact on reducing demand for acute services and improving self care and prevention;
- Implementing new models of care for residential, nursing and home care developed on a GM wide basis; and
- Closing the funding gap of £134m which, if unaddressed, will exist by 2021.

4.3. Manchester's health and social care system is highly complex and multi-layered. There are 91 GP practices, three large acute hospitals trusts covering a range of acute and community sites, one care trust (mental health and some community services), one local authority, many hundreds of voluntary organisations and independent contractors including pharmacists and optometrists. The commissioning of health and social care is mainly the responsibility of Manchester City Council and the three Manchester Clinical Commissioning Groups (North, Central and South) with specialist services commissioned by NHS England.

4.4. This complex system provides excellent care in some areas, and outcomes and people's experience of care are also highly rated for some services. Unfortunately, excellence is not uniformly spread and there are many variations in quality, access, and effectiveness. Overall, the health of the people of Manchester remains some of the worst in England.

4.5. At the same time, the health and social care system in Manchester is becoming increasingly unaffordable and with continuing public sector austerity and forecasts of rising demand, without dramatic change, the NHS and social care services in Manchester will become unsustainable.

4.6. The solution in the Locality Plan to these very concrete challenges is to replace complexity with simplicity and implement:

- A single commissioning function;
- A single local care organisation (all care outside of the hospital); and
- A single hospital system.

4.7. In addition to this single vision, the city's integrated health and social care system will have:

- A single set of values principles and aims;
- A single set of outcomes and benefits on which its success will be measured;
- A single set of system 'rules', including the management of risk and reward;

- A common goal and priority to shift activity from high cost to more efficient interventions and reduce demand overall; and
- A common commitment to prioritise improvement in health and wellbeing for the very large group of staff who will be the workforce of the single system.

5.0 Investing for Reform – Greater Manchester Transformation Fund

5.1 As previously set out the financial challenge facing health and social care is significant. To address the total 'do nothing' funding gap of £134m by 202021, will be through the whole system reform that all heath and care partners in Manchester are engaged in.

5.2 The strategy for addressing this challenge is through the reformed health and social care system. The structural reforms underway will lay the platform to deliver the service transformation described below. The structural reform includes:

- The development of the Single Hospital Service will drive the review of acute hospital provision in the city in order to allow the benefits of standardisation to be achieved while also delivering better care at lower cost, and also enable the trusts to deliver their efficiency savings;
- The Single Commissioning Function which will deliver the most efficient investment; the most efficient use of skilled staff including clinical commissioners; the most streamlined transactional relationship with providers; and the strongest lever for transformation; and
- The Local Care Organisation which will drive integration of services out of hospital promoting the delivery of health and care closer to home and enabling residents to live longer and more independently within their own homes and community.

5.3 Securing investment in new service models and the delivery of a reformed health and care system, is currently underway with the evaluation of Manchester's submission for Transformation Fund being undertaken throughout December and into the new year. Investment is required to enable the whole health and care system to act both more effectively and efficiently and will be key to levering the remodelling of the system that is required both to improve health and care outcomes and closing the funding gap.

5.4 This report gives an outline of what this ***may*** mean in terms of service/care model delivery within communities. Importantly, investment in new service models is required to enable the rebalancing of the health and care system to close the funding gap.

Please note, these proposals are still dependent upon evaluation of the investment submission, and the confirmed programme of care model delivery in 17/18 and subsequent years.

(a) A radical upgrade in population health and prevention

A business case is under review which will provide a strengthened focus upon people, prevention and caring for those people who are at risk of hospital intervention through an assets based approach. It is intended that primary care will lead a programme of preventative activity through the LCO, involving the 12 Integrated Neighbourhood Teams which will aim to:

- Use Our Manchester approaches to work from the strengths people already have, what is important to them, strengthen community assets, and develop personalised and holistic approaches to help people care for themselves,
- Help residents to stay healthy by integrating support they need from other services including remaining in work, support getting back to work, training and skills, debt and personal finance, housing, and being socially active,
- Help residents adopt healthy life choices such as being physically active, eating well, not smoking and emotional well-being, at all stages of life,
- Identifying those with long term conditions early to promote proactive management and reduce escalating needs, and
- Proactively manage the optimal care for people with physical and mental long term conditions (secondary prevention).

If the investment request is successful the workforce within the INTs will include a wide range of health and care workers, including health coaches and community link workers to support population health and prevention, and connect people back to Primary Care led advice and support.

This approach will build on the excellent work of the new Manchester Wellbeing Service ("Buzz"), increasing the capacity at a neighbourhood level through the deployment of health coaches and community link work for health as part of the MLCO. The focus of the Buzz Service is on connecting primary care, integrated neighbourhood team and VCS organisations and supporting communities themselves to lead local health and well-being initiatives.

(b) Transforming Care in Communities

With leadership provided by Primary Care, and enhancements to the primary care workforce, the 12 Integrated Neighbourhood Teams will be strengthened and a standardised offer of care and support provided across the city of Manchester. Current plans include

- The development of a core team of multi disciplinary professionals, including GPs, social care and community nursing,
- A specialist tier of clinicians who can be brought in to support people in line with their presenting needs,
- Structured patient selection (targeted cohorts), focussed around those people who would most benefit from a joint working approach,

- The allocation of a named key worker from within the team, to support care coordination,
- Developing new ways of working including the trusted assessor model, team around the person testing huddles, multi-disciplinary teams and joint recruitment panels,
- Preventative and crisis planning which is centred around the whole person,
- Overseen by single line management at neighbourhood level.

(c) Supporting people to be independent and live in their own homes for longer

Through the LCO, with professionals across primary care, mental health, social care, community health, and voluntary and community partners patients/residents will be supported to manage their conditions at home and in the community. To enable this to happen wider support services will be required, and some of these are currently ***under consideration*** for investment. These include:

Primary Care

Investment in a primary care system that more pro-actively supports people and communities to take charge – and responsibility for- managing their own health and well being. Strengthened primary care to pro-actively manage patients in the community and see the shift in people attending hospital who could be better supported in the community;

Investment in the primary care workforce will include extended access to GP 7 day access, and ***may*** involve investment in some non-medical roles such as physician associates and advanced practitioners, and also in practice pharmacists and community pharmacists;

Housing and Assistive Technology

Housing and assistive technology can play a key role in the developing One Team model of integrated care in the city. It's importance in supporting integrated models of health and social care is demonstrated in the Care Act. A pilot scheme (First Stop), delivered through a voluntary partnership of national and local organisations is currently being delivered within North Manchester, and provides comprehensive information and advice about housing, care and support, plus related financial matters to older people. A housing advisor linking with GP practices and particularly community health and social care teams to support the identification of patients who would benefit from housing advice. Evidence to date indicates prevention of admissions to residential care.

In addition consideration is being given to further investment in assistive technology. Assistive Technology refers to a range of assistive, adaptive and rehabilitative technology used to support peoples care needs. The use of AT is designed to increase, maintain or improve the functional capabilities of

individuals and can range from low to high tech solutions. A successful AT pilot has run in central Manchester, through an externally commissioned provider. Citizens who may benefit from the use of AT are identified through assessment and the pilots have focussed upon COPD patients, service users with learning disabilities living in supported accommodation frail elderly and patients with dementia.

Through interventions such as installing a GPS tracker, automatic medication dispensers or bed epilepsy sensor, costly short care delivery visits are avoided and emergency services are able to respond quicker to stabilise patients. An objective is to reduce the number of residential admissions from the community. Investment may be appropriate to increase the numbers of citizens benefitting from the use of AT by extending the service city wide, and using a technology first approach within assessment and care planning arrangements. AT promotes independent living and reduces reliance upon more expensive forms of care and support.

Extra Care Housing

Building upon the development of Village 135, investment is being explored for the potential expansion of extra care provision from the current level of 297 units in 2016 to a potential of 933 units by 2021.

Extra care housing meets the housing, care and support needs for frail older people, whilst helping them maintain their independence. People who live in extra care developments are considered to live in their own home and the accommodation is often self contained, with flexible care delivered by staff based on the premises, 24 hours a day. This programme is designed to enable individuals to remain in the community longer and maintain a level of choice and independence that would not otherwise be possible in a residential or nursing care setting, but also ensures that people whose needs cannot be met in their own home are not ‘locked in’ to institutional care.

Mental Health

The transformation of mental health services is a priority within the Locality Plan, and recognised more widely as part of the wider context of the Greater Manchester Mental Health Strategy. Improving access and moving health provision into the community, supporting care closer to home and providing the best treatment in the right place at the right time is fundamental to achieving the longer term vision for Manchester.

The transfer of services provided by Manchester Mental Health and Social Care Trust to a specialist Mental Health Foundation Trust, Greater Manchester West, provides a strong platform to drive the transformation of services locally.

As part of the transfer agreement the new service model proposes a number of clinical priorities for transformation. These are:

- Improving Access to Psychological Therapies (IAPT)
- Redesigning the Acute Care Pathway, including the introduction of a clinical Single Point of Contact (SPOC), 24/7 Home Based Treatment Service and Enhanced Community Mental Health Teams;
- Introducing new models and ways of working to respond to Urgent Care needs, including RAID and Section 136 provision;
- Eradicating the requirements for excessive Out of Area Treatments by creating improved pathways for adults and the taking a lead on the Rehabilitation Pathway for the City;
- Integrating Research and Development departments and using this wealth of knowledge to influence clinical practice; and
- Embedding services within neighbourhoods, supporting the diverse community needs, learning from these communities how we can deliver services and support the agenda to reduce stigma.

Importantly the benefits, and improvements in aspirations and outcomes is key and align with the wider ambition contained in the Locality Plan. These include:

- Improvements in the experience of care;
- Reductions in waiting lists
- Improved access
- Clear pathways
- Achievement of referral to treatment targets
- Improved prevalence rates
- Improved recovery rates
- Improved quality of life

From a system perspective the benefits will be:

- Improved integration of IAPT services
- Efficient and collaborative booking systems
- Accurate individual performance data
- Clear accessible care pathways for all IAPT levels
- Delivery of all expected standards and performance measures
- Removal of any unnecessary obstacles to access
- Reduction in costs to the health economy
- Ensuring equity of access from all the diverse groups within the city.

Importantly the new approach and service delivery model will be implicit within the ambitions for integrated services within the community The mental health provider will be a key partner within the Local Care Organisation and service integrated service delivery will be designed into the operating model for the integrated teams.

To enable the transformation of mental health services within this new approach specific investment has been sought within the GMTF submission. By improving access to psychological therapies and providing care and treatment in the right place at the right time the measures will prevent the escalation of mental ill health and the requirement for longer-term care across

the health economy and thus release an associated cost saving to the health and care economy.

(d) Measuring Success

Outcomes Framework

In support of the shift towards increasingly strategic, outcomes focussed commissioning, the success of the integrated health and care model deliverd out of hospital through the LCO will be measured in respect of a relatively small number of outcome based key success criteria which will form the basis of an Outcomes Framework. Set out in the draft LCO prospectus, the proposed measures comprise the following elements:

i) **Population health outcome measures**

The 'Taking Charge of our Health and Social Care in Greater Manchester' plan for health and social care sets out the collective ambition for the region over the next five years, setting out our direction of travel, and establishing population health improvement objectives.

The measures set out in the prospectus represent the Manchester share of those population health improvements, which are:

Outcome	2021 Local Aspiration
More children will reach a good level of development (GLD) cognitively, socially and emotionally.	916 more children starting school in the City ready to learn, ultimately leading to better educational attainment by 2021.
Fewer babies will have a low birth weight resulting in better outcomes for the baby and less cost to the health system.	76 fewer very small babies (under 2500g) being born by 2021.
More families will be economically active and family incomes will increase.	4,558 fewer GM children living in poverty by 2021.
Fewer people will die early from Cardio-vascular disease (CVD).	174 fewer early deaths from CVD by 2021.
Fewer people will die early from Cancer.	383 fewer early deaths from cancer by 2021.
Fewer people will die early from Respiratory Disease.	168 fewer early deaths from Respiratory Disease by 2021.

More people will be supported to stay well and live at home for as long as possible	653 fewer people over 65 being admitted to hospital due to a serious fall

N.B. these are cumulative reductions over the 5 year period to 2021. For example, the figure for early deaths from respiratory diseases represents 11 fewer early deaths in year one, rising to 56 early deaths in year 5.

To promote improved parity of esteem between mental and physical health, the LCO Performance Framework will include outcomes for mental health in line with the above and with the national mental health indicators within the CCG, social care and public health outcome frameworks.

ii) Activity reduction and efficiency measures

These are the target activity reductions to be delivered by the LCO as developed through the Cost Benefit Analysis work undertaken to support Manchester's bid to the Greater Manchester Transformation Fund. They are:

Outcome	Unit	Activity Shift 2020/21
Reducing A&E Activity	Attendances	19,587
Reducing Acute Length of Stay	Per Bed Day	5,742
Reducing Aviodable GP Visits	Per hour	55,503
Reducing Avoidable Prescribing	Per consultation	53,447
Reducing Elective Admissions	Per episode	2,287
Reducing Non-Elective Admissions	Per episode	2,330
Reducting Outpatient Attendances	Per admission	69,215
Reducing the cost of Care Packages	Per week	19,680
Reducing Avoidance Contacts & Referrals	Per ASC Assessment	1,142
ESA claimants	Per claimant per year	128
School readiness	Per SEN	130
OVERALL		**229,192**

iii) Experience measures

Manchester's Locality Plan Summary set out key feedback from local people about what they valued. This included:

- Being able to access services when they need them
- Care is delivered in a co-ordinated way
- Being involved in decisions about their care
- Being able to access information about local services

The Outcomes Framework will monitor and measure the extent to which local people feel these have been met. Whilst experience measures will develop over time as the LCO develops, it is proposed that in the first instance existing measures contained in social care, public health and NHS outcome frameworks and National Voices 'I statements' will be used as they will typically have clear definitions and collection methods. Specific measures, baselines and performance targets will be agreed between the LCO and commissioners for 2017/18 as part of mobilisation planning. Potential measures include 'my support is co-ordinated, co-operative and works well together' and 'I know who to contact to get things changed'.

iv) Person level outcome measures

The strategic ambition is for local people to attain better health and wellbeing and achieve greater independence. The Outcomes Framework will monitor and measure the extent to which local people feel these have been met.

As with experience measures, whilst person level outcome measures will develop over time as the LCO develops, it is proposed that in the first instance existing measures contained in social care, public health and NHS outcome frameworks and 'I statements' will be used as they will typically have clear definitions and collection methods. Specific measures, baselines and performance targets will be agreed between the LCO and commissioners for 2017/18 as part of mobilisation planning.
Potential measures include 'health related quality of life for people with long term conditions' and 'employment of people with long terms conditions – difference in rate between population and those with a long term condition'.

v) Neighbourhood level outcomes

There is variation in the outcomes for people depending upon where they live in the city.
The LCO will be required to propose to commissioners a small number of measures to address local variation and improvement priorities that support the wider LCO Outcomes Framework indicators. Measures proposed will need to be considered for agreement / amendment by the Single Commissioning Function.

5.5 Performance Management Framework

5.5.1 Given the size and scale of the LCO and the significant change from current commissioning, provision and performance management arrangements, in addition to these Outcomes Framework measures, the LCO will be required to report against a range of input, output, quality and activity performance measures – enabling the Single Commissioning Function to obtain assurance of effective LCO performance, address any performance issues that may arise, and comply with the full range of performance reporting requirements.

5.5.2 The LCO will be required to report against NHS and local government mandated performance measure, e.g. NHS Constitutional standards and Adult Social Care Outcomes Framework indicators.

5.5.3 The LCO and commissioners will also agree a suite of measures to monitor and manage the quality of service deliver. Measures will include complaints, serious incident reports, harm free care and other relevant measures.

5.5.4 Furthermore, a full suite of LCO specific activity, input and output measures will be developed in conjunction with the LCO in order to enable the commissioner to monitor and manage LCO performance against the contract.

5.5.5 Led by The CCGs' Quality and Performance Team, working closely with Council colleagues the intention is to have the framework finalised during the prospectus consultation period – i.e. by January 2017.

6.0 Further developing the Outcomes Framework

6.1 Whilst detailed outcome measures have been developed for population health and activity reduction measures, this is not the case for the experience and person level measures. Instead the draft prospectus states that commissioners will work with the LCO to agree specific measures, baselines and performance targets for 2017/18 as part of mobilisation planning.

6.2 During the prospectus consultation period, it is intended that there will be wide-ranging stakeholder engagement to inform commissioners views on preferred measures from the suite of potential measures set out in the ASCOF, PHOF, NHSOF and 'I statements'. This engagement will include patient groups (via PPAG), Healthwatch, and a wide range of partner organisations: other providers, wider Council, VCS organisations etc.

7.0 Conclusion

The scale of reform required to enable the delivery of improved health and care outcomes for residents, while making the system financially sustainable is huge.

This report has given an overview of the elements comprising the system reform as it relates particularly to the commissioning and delivery of services within the community. All of the elements described in this report are still subject to negotiation and review, and as a consequence it is not yet possible to be more specific in the actuals.

The accompanying financial plan to the work set out in this report is being developed which will underpin the development of the locality plan and will form part of the Directorate budget and business plan reports due to go to Executive in January.

Manchester City Council
Report for Resolution

Report to: Health Scrutiny Committee – 8 December 2016

Subject: Delivering efficiencies across public health services in 2017-18

Report of: Director of Public Health

Summary

In response to the request at the November 2016 meeting of the Committee, this report provides an overview of the approach to delivering efficiencies from the 2017-18 Public Health Grant for Manchester. This is in the broader context of the reform of public health in Manchester, since the transfer of public health responsibilities to the City Council on 1 April 2013. This included the redesign of a wide range of public health services following the Council's budget options consultation process in 2014 and the ongoing financial challenges relating to changes to the national public health grant.

Recommendations

The Committee is asked to:
i) Note the report
ii) Comment on the approach set out in this report

Wards Affected:

All

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Background documents (available for public inspection):
Reform of Public Health- report to Manchester Health Scrutiny Committee, 29 October 2015
Budget Process 2017-2020: Consideration of Options, Children and Young People Scrutiny Committee – 8 November 2016

1.0 Introduction

1.1 Following the transfer of public health responsibilities and resources from the Manchester Primary Care Trust to Manchester City Council (MCC) on 1 April 2013, the Director of Public Health has led a programme of reform that relates to three distinct phases:

Phase One (2012-14)
Transfer of responsibilities from the Primary Care Trust to the City Council and contract stabilisation

Phase Two (2014-17)
Council budget options and plans for savings and reinvestment including;

- Redesign of commissioned public health services
- Restructure of public health staff team at Manchester City Council

The agreed savings proposals have all been successfully delivered in 2015-16 and are on track in 2016-17.

Phase Three (2017-2020)
Delivering further efficiencies through effective integration with the Single Commissioning Function, Local Care Organisation and Greater Manchester arrangements.

1.2 In 2018/19 the ring fence is likely to be removed and in future, public health funding will come from the retention of business rates.

2. Budgetary Context

2.1 In 2015 the Department of Health (DH) made an in-year decision to cut £200 million nationally from the public health grant in 2015-16. This resulted in a blanket 6.2% reduction for each local authority with a cut of £3,332,000 for Manchester. This budgetary cut was made permanent.

2.2 In addition a national 4 year programme of further reductions to the Public Health Grant was announced with a 2.5% reduction in 2016-17 and 2017-18, and a 2.6% reduction in 2018-19 and 2019-20. The expected Public Health Grant funding up to 2020 is shown in the table below.

Table 1: Public Health Grant 2016-20

	2016/17 £'000	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**
Level of Grant	54,596	53,250	51,865	50,517

2.3 The table below summarises the breakdown of the current Public Health Grant spend in 2016-17 after savings have been taken out.

Table 2: Breakdown of Public Health Grant

Public Health Grant 2016-17	**£000**
Health and Mental Wellbeing Services	4415
Drugs and Alcohol Services	8575
Sexual Health Services	8257
Children's Public Health Services	14003
Early Years	2671
Living Longer, Living Better	8286
Complex Dependency	4023
Other MCC prevention programmes	1015
Workforce, infrastructure and overheads	2579
Other public health activity	772
TOTAL	**54596**

2.4 The current budget allocations are based on the implementation of a number of procurement and re-design exercises as listed below:

- Re-designed School Health Service from 2/11/15
- New Integrated Alcohol and Drugs Service from 1/4/16 (procurement).
- New Community Weight Management and Nutrition Service from 1/4/16 (procurement).
- Re-designed Wellbeing Service from 1/4/16
- New Integrated Sexual and Reproductive Health Service from 1/7/16 (procurement)

3.0 Delivering efficiencies in 2017-18

3.1 The Public Health team identified a number of efficiencies across the current grant commitments.

3.1.1 Wellbeing Service (part of Health and Mental Wellbeing Services in table 2 above)

The new Wellbeing Service, "buzz" , provided by the Manchester Mental Health and Social Care Trust (MMHSCT), has been re-modelled following the Council approved reductions in public health funding. The new service has been operational since 1 April 2016 following close working between public health commissioners and the provider to agree the detailed service model, specification and outcomes.

The initial operation of the service has gone well with a successful official launch on 22nd November 2016, involving a wide range of representatives from stakeholder and partner organisations.

A key element of the new service is capacity building within communities via a network of neighbourhood health workers who will support the development of local capacity and infrastructure, linking with community groups. This function incorporates the staff of the former MCC Zest Healthy Living Service which have been aligned with and managed by the new buzz service during 2016-17. This process has identified £140K efficiencies that will not impact on

frontline delivery of this service, vacant posts have not been filled as "buzz" staff will cover the responsibilities in the new citywide model. Furthermore North Manchester Clinical Commissioning Group (CCG) has agreed to invest in the One Team Prevention Programme, following final approval of the business case at their November board meetings. The details of this are provided in the "Investment in community resources and voluntary sector" report that will also be presented to the Committee today. This investment will complement the work of "buzz" in the north of the City.

3.1.2 Sexual Health

The savings and investment programme for public health has required a reduction in spend on sexual and reproductive health services of more than one third between 2015/16 and 2017/18.

Specialist sexual and reproductive health services were tendered during the autumn/winter of 2015/16 with new services mobilised on the 1st July 2016. The commissioning process included setting aside a contingency budget of £460K to offset any shortfall in the achieving the planned re-charges to other Greater Manchester local authorities. The re-charge process has been fully implemented successfully so this contingency is identified as an efficiency for 2017-18.

3.1.3 Other efficiencies

The proposed efficiencies from primary care public health contracts (£345,000) referred to in the November scrutiny report will now be delivered fully in 2018/19. The reason for this is that it has been agreed with the CCGs that a joint approach for reviewing and delivering savings from all primary care contracts will be taken forward through the Single Commissioning Function when this is established on 1 April 2017. Whilst some efficiencies will be delivered in 2017-18 the full year effect will not be realised until 2018-19

Efficiencies from the core and back office (i.e. public health staff costs and overheads) will also be realised over a two year period (2017-19) and these will come about through the integration of functions at a Manchester and Greater Manchester level. These will be achieved through natural turnover and staff moving on to other roles within the Single Commissioning Function and Greater Manchester Health and Social Partnership. It is estimated that at least £250,000 will be delivered over the time period.

3.2 Summary

3.2.1 These savings will be reported within the Joint Operational Plan, which is being prepared in response to the Locality Plan gap. This Locality Plan Financial Report-Closing the Funding Gap, was presented to the Executive in October 2016. In summary the savings are:

Sexual health services	£0.460m
Wellbeing service	£0.140m
Sub Total	£0.600m

3.2.2 The efficiencies that will be delivered fully in 2018-19 are:

Primary care public health contracts	£0.345m
Core and back office	£0.250m
Sub-total	£0.545

3.3 **Other savings** (identified in the report of the Strategic Director of Children's Services and Director of Education and Skills to the Children and Young People's Scrutiny Committee - 8 November 2016)

3.3.1 The Council commissions services to the value of £25.5M with external providers. However £16M is allocated internally across council directorates on public health related programmes and services. A number of savings options from the Children and Families Directorate have been put forward for consideration by members across for the current budget round. In the budget options report that went to Children and Young People's Scrutiny Committee in November the following were included:

i) Efficiencies of £250,000 identified from the public health grant that is spent on Children's public health services (see table 2, £14 m) These can be realised without affecting frontline service delivery through the retention of non-contractual income.

ii) A savings option of £0.500m to rescale the Early Years New Delivery Model. This option centres on reducing the reach of the early years new delivery model. This will be achieved £0.120m from reducing funding for Newborn Behavioural Observation (NBO) and Neonatal Behavioural Assessment (NBA). A further option totalling £0.380m through reduced spend on evidence based targeted interventions (Incredible Years parenting programme and Speech and Language Therapy), reducing the targeted support cohort from 85% to 65% and reflecting need identified within the Joint Strategic Needs Assessment.

3.4 <u>Summary</u>

If these are agreed this will bring the public health spend across children's and adults in line with the grant allocation reduction of £1.35 m

£000	
460	Sexual health services
140	Wellbeing service
250	Children's public health services
500	Early Years Delivery Model (EYDM)
Total 1350	

However if the savings option on the EYDM is not taken forward, then the efficiencies set out in section 3.2.2 will need to be brought forward.

4. Additional information relating to the Health Visitor contract

4.1 It can now be confirmed that he current contract with Central Manchester University Hospitals Foundation Trust (CMFT) for the Health Visitor (HV) service will be extended to the 31 March 2018. The rationale for this is provided in Appendix One. It is important to note that savings from the efficient delivery of the Healthy Child Programme, agreed by the Executive in February 2016, will be realised in 2016-17 and HV numbers will not be reduced in 2017-18. However there is an option to save £500,000 from the HV contract in 2018-19 and this option is being considered by the Children and Young People's Scrutiny Committee on 6 December 2016. The information that will be provided to the Committee is attached as Appendix 2 and a verbal update will be provided to the Health Scrutiny Committee.

5. Pooled budget arrangements

In 2017-18 all of the spend on adults public health services and a portion of children's public health spend is in scope for the Local Care Organisation, with the rest of children's public health spend to follow in 2018-19. In addition core and back office spend will be part of the Single Commissioning Function. Whilst the detail is still being worked through, there are clearly opportunities to maximise investment in prevention through the new pooled budget arrangements under the Locality Plan.

6. Recommendations

The Committee is asked to:

i) Note the report
ii) Comment on the approach set out in this report

Appendix One Rationale for extending Health Visitor Contract

The responsibility for commissioning Public Health Services for 0-5 year olds in Manchester , including the health visiting service passed from NHS England to the Council from 1 October 2015 The contract was novated to the Council at this point to run up to 1 October 2016.

Council commissioners had commenced plans to re-configure the existing service and include additional services commissioned by the Clinical Commissioning Groups (CCGs), with the intention of tendering the service to enable a new contract to be in place at 1 October 2016. However this has not been achieved due to the significant changes across the local health and social care system, including the transition to a single commissioning function for MCC and the CCGs.

To allow sufficient time for MCC to work jointly with the CCGs during 2017/18 and integrate public health services for children aged 0-5 years, the current contract with CMFT has been extended to 31 March 2018. Currently both MCC and the CCGs commission services from CMFT for this age group, but services and pathways are disjointed and there is a need to ensure that the services commissioned and provided represent value for money.

Appendix Two Excerpt from Report to Children and Young People's Scrutiny Committee (6 December 2016)

The 0-5s children's public health contract is provided by Central Manchester Foundation Trust (CMFT) and includes the Health Visiting Service. Health Visitors have an important role as leaders of the universal Department of Health's Healthy Child Programme which form part of multi-professional care pathways and integration of services for children 0-5. Universal services are essential for primary prevention, early identification of need and early intervention. Universal services lead to early support and harm reduction.

The 0-5s children's public health budget was reduced by MCC by £250k in 2016/17. In addition, there was a shortfall from the provider, given a total reduction in budget of £770k. MCC and the provider are working closely together to remodel the Health Visiting Service to offer a more intensive service to a larger number of vulnerable families, whilst protecting the frontline Health Visiting workforce and making the necessary budget reductions.

The budget savings options for 2018/19 include an option to further reduce the Health Visiting budget by £500k.

As part of the developing Single Commissioning Function the public health team have been working closely with the children and maternity services commissioners in the City wide CCG team to examine options for jointly commissioning a number of children's services as a new integrated 0-5s service to go live in 2018. As part of this new commissioning arrangement and tender, MCC could reduce the budget for the service to make the £500k saving. There would be a risk that front line Health Visiting numbers would reduce with further reductions to the budget, potentially impacting on the delivery of the Healthy Child Programme, the Early Years Delivery Model work and the number of Early Help Assessments carried out. However, the commissioners will be able to specify a number of parameters to ensure a safe, targeted service including the skill mix and qualified health visitor numbers, benchmarked against similar areas.

Manchester City Council
Report for Resolution

Report to: Health Scrutiny Committee – 8 December 2016

Subject: Investment in community resources and voluntary sector

Report of: Hazel Summers, Strategic Director, Adult Social Services
David Regan, Director of Public Health

Summary

The voluntary sector is a key partner in helping to improve the health and wellbeing of Manchester residents. Despite the challenging financial context, every effort has been made to protect Council funding to voluntary sector groups in recent years. Furthermore opportunities to integrate the approach to voluntary sector funding, between the City Council and the Manchester Clinical Commissioning Groups will be progressed through the Locality Plan. This report provides an overview of city's health related investment in the voluntary sector and expected changes in the near future.

Recommendations:

To note the report.

Wards Affected: All

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

City of Manchester State of the Voluntary Sector 2013, Sheffield Hallam University

1.0 Introduction

1.1 Manchester has a vibrant and diverse voluntary, community and social enterprise (VCSE) sector with more than 3,000 organisations of all sizes and types working with Manchester residents. 40% of voluntary organisations in the city say that health and wellbeing is their main area of work[1].

1.2 The Locality Plan, and the Our Manchester approach, recognises that the VCSE sector is key to helping statutory services connect to Manchester residents. The VCSE has unique strengths in working with volunteers, prevention, reaching diverse communities and involving service users in designing and running services.

1.3 This report gives a picture of the city's health related investment in the voluntary sector and expected changes in the near future.

2.0 Background

2.1 The City Council invests in hundreds of voluntary sector organisations in the city, some of these funding relationships have been in place for many years. Most of these investments fit into a broad category of improving the wellbeing of a wide range of communities of place and of identity. Appendix 1 lists most of our recurrent grant and contract funding to the sector.

2.2 Much of this funding has been in place since at least 2013 and despite budget pressures; most has been maintained at a similar level for the past three years.

2.3 Devolution and increasing integration of health and social care are opening up more opportunities to join up, and in some areas increase, investment in the voluntary sector.

3.0 Forthcoming changes

3.1 Locality Plan – Person, Partner, Place

3.1.1 Person, partner, place outlines the strategic approach to a radical upgrade in prevention within Manchester's locality plan. This approach more actively promotes improvements to wellbeing, prevention of ill health and reduction in health inequalities for residents. In keeping with Our Manchester, the approach recognises that all Manchester's residents and communities within which they live, have strengths and assets that can promote physical and mental health and wellbeing. These assets include the skills, knowledge, resources and support available within individuals, carers and the community.

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1 www.**manchester**.gov.uk/.../city_of_**manchester_state_of_the_voluntary_sector_**2013.pdf

3.1.2 The One Team Prevention Programme embodies this approach and formed part of Manchester's proposition to the Greater Manchester Transformation Fund. The programme is being advanced in North Manchester through investment by North Manchester CCG. The programme will include new roles that provide a connection between the health and social care providers and VCSE organisations. This will allow patients to access social or non-medical sources of support from community organisations, and also allow co-production of neighbourhood projects with local organisations and residents.

3.1.3 In order to build the community capacity to support this programme, a community investment plan for North Manchester is being developed with a focus on health and wellbeing. Subject to approval from North CCG's board, a programme of investments will be made in voluntary sector organisations, associations, clubs and community groups that offer a direct or indirect benefit to health and wellbeing. The model being developed will be such that these investments are made as part of an integrated approach to health and wellbeing with neighbourhood health and care teams ("One Team"). It will ensure that we invest in community based approaches that already have evidence of impact on local population health, as well as opportunities for creative and innovative approaches. Given the level of health need in North Manchester, this is seen as a valuable addition to the programmes of work outlines below.

3.1.4 The broader proposal for the City, pending transformation fund decisions, also includes; (i) investment in volunteering through activities such as timebanking and (ii) investment in activities to enhance the quality and effectiveness of VCSE organisations in supporting physical and mental long-term conditions and working with statutory health and care organisations.

3.2 Age Friendly Manchester (AFM)

3.2.1 For over a decade, a range of non-mainstream funds has supported action to improve Manchester neighbourhoods for older people, much of which has been spent with small voluntary sector organisations. The City has an enviable record of attracting significant external and non-mainstream funding, including:

- Big Lottery.
- Research and academic grants.
- Central government awards.
- Small charitable awards.
- One-off public health and NHS funding.
- Culture-sector grants.
- EU funding pots.
- Housing-related projects.

3.2.2 An overview of these investments has been taken by the Valuing Older People (2003-2012) and the Age-friendly Manchester team (2012-to date). The approach has been to direct resources, in consultation with relevant partners, to areas where there are the greatest inequalities, where there are gaps in

provision compared to the rest of the city, and where there are willing and effective local partners. Whilst there have significant successes in attracting resources to the city –up to £10m over the last decade - through this approach, there is scope for more effective and joined-up decision-making, improved use of project evaluation, and of case-making for commissioners and policy-makers.

3.2.3 There is currently a number of neighbourhood ageing projects across the City that at either an early stage of development or about to commence. These include, the five year Ambition for Ageing project, working in four neighbourhoods; a three year project led by another team in MMU, focused on three Manchester neighbourhoods.

3.2.4 The new MCC-commissioned wellbeing service, known as buzz, will also play an important role as a local catalyst for community action focused on reducing isolation and loneliness, whilst developing age-friendly neighbourhood plans for the twelve One Team patches.

3.2.5 In addition there are new opportunities which would benefit from coordinated approach to investment. Principally, these are: a CCG resource –of around £150k to reduce isolation amongst older people; an initial award of £75k per annum for two years, allocated to AFM, from the airport dividend pot, to support neighbourhood working.

3.2.6 Alongside these the Manchester Cultural Commissioning project, which has brought together AFM and Cultural Strategy colleagues with senior health and care partners – has described the opportunities and mutual benefits – improved health and wellbeing, and the opening up of access to cultural services to more socially excluded groups - by bringing together health, care and cultural agencies.

3.2.7 Initially, it is envisaged three neighbourhood projects will be supported, one each, in north, central and south Manchester, where there are currently gaps in local provision. Early thinking includes a focus on culture and art, mental wellbeing, and trying out new models of local service such as the 'Village' model of co-production popular in North America, where local people form associations to purchase services collectively and drive service and neighbourhood improvements.

3.3 Our Manchester VCS Funding.

3.3.1 We currently fund about a hundred organisations via the following funding streams:

- Equalities funding programme
- Health and wellbeing grants
- VCS mental health contracts
- Carers' groups contracts
- Community association grants
- Voluntary sector support (infrastructure)

Which totals approximately £3m a year.

3.3.2 Whilst these funding programmes have provided funding stability for many Manchester groups, they are disconnected from each other and we don't look at them from the point of view of place.

3.3.3 Earlier this year, we committed to working with the voluntary sector to reshape these funding programmes, creating a new way to fund the sector that supports the principles of Our Manchester and greater integration both of health and social care and of integrated neighbourhood management.

3.3.4 We are currently part way through a co-design process with the voluntary sector and are working towards having new arrangements in place by September 2017. Details of the co-design group (which includes CCG colleagues) and its work can be found here:
https://www.manchestercommunitycentral.org/policy-and-influence/our-manchester-vcs-funding-co-design-group

3.3.5 We have written to all groups currently funded through these programmes to inform them of the Council's intention to extend existing grants and contracts, at the same level, until the end of September 2017, subject to the financial settlement and agreement of the budget.

4 Conclusion

4.1 If we are to achieve the ambitions of the Locality Plan, we will need to work closely with the VCSE sector. Each of the above developments demonstrate a recognition of the unique role the sector can play, and a commitment to ensuring the sector is invested in and supported for the future.

Appendix 1

MCC Voluntary Sector Funding

Funding strand	What for	2016/17
Community Associations (grants)	Provides core funding for 19 community centres	£432,994
Health and Wellbeing (grants)	A range of services to promote and improve the wellbeing of Manchester residents. Includes Good Neighbours schemes.	£ 568,394
Mental health (contracts)	Funds 8 VCS organisations to run a range of services such as support groups for people with mental ill health	£378,704
Equalities Funding Programme (grants)	Funds 21 organisations to provide a range of services and projects across equality groups	£660,000
Voluntary Sector Support (contract)	Volunteer centre, capacity building and policy/ representation for the voluntary sector	£490,000
Carers (contracts)	Funds more than 20 organisations to support carers	£383,289
Age Friendly Manchester small grants	Small scale funding to support AF activities	c. £4-8,000

Other areas of Council funding to the VCS

- Dementia support
- Older people
- Housing Related Support
- Homelessness
- Employment support for people with physical and mental disabilities
- Advocacy
- Advice
- Home Improvement Agency/Home from Hospital/Handyperson
- Children's Centres
- Leaving care
- Learning disability
- Domestic violence
- Sexual health
- Drug and alcohol
- Youth and play
- Community safety
- Work clubs
- Economic development
- Cultural Partnership
- Sport
- Adult Education